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THE DIFFERENCE

## South Yemen's ousted leader 'returning to fight back'

**BAHRAIN.** — Hardline Marxist Abdul-Fattah Ismail appeared yesterday to have won a bloody power struggle in South Yemen, which Aden Radio said would strengthen its ties with Moscow.

Links with South Yemen remained cut, and there was no indication of the situation in Aden where troops loyal to President Ali Nasser Mohammed have fought rebel forces for the past week. Mohammed and Ismail are leaders of rival Marxist groups. (See story, page 4.)

But it appeared that Ismail, an ex-president who returned last year from self-imposed exile in Moscow, had ousted his former ally Mohammed.

Reports last night held, however, that Mohammed was returning to South Yemen from Ethiopia, where he had taken refuge Saturday night, to take command of his forces seeking to regain control.

Aden Radio, monitored by the Qatari News Agency, said in a political commentary: "The Yemeni Socialist Party will tighten its strategic ties with Socialist countries, especially its loyal ally, the Soviet Union."

The Gulf News Agency reported that 9,000 people had been killed or wounded in the fighting.

Another 85 foreign refugees fleeing the fighting arrived in Djibouti yesterday.

They brought the total evacuated from Aden by Soviet, British and French ships in the last two days to some 2,600.

The British royal yacht Britannia, which arrived with 400 foreign nationals last night, was among foreign ships in the Gulf of Aden off the South Yemeni capital.

Passengers spoke of total chaos in the capital, with water supplies cut since last Monday and electricity now also off.

## Fugitive bank manager held in France

By BARBARA AMOUYAL  
For The Jerusalem Post

Israeli police and Interpol officers yesterday arrested Moshe Stern, the former Jerusalem branch manager of North American Bank, near Versailles.

Stern is suspected of embezzling some \$10 million from the bank. Police have been searching for him since his disappearance last August.

An Israeli police emissary — sent specially for the purpose — and several Interpol officers arrested Stern late yesterday afternoon at a yeshiva near Versailles, following a tip that he might have found refuge in the rabbinical seminary. A police spokesman told *The Jerusalem Post* last night that the arrest had followed months of intelligence work and cooperation with various European police forces.

Stern was brought before a French judge last night and remanded in custody for seven days.

Israeli police, meanwhile, will ask the Justice Ministry to submit a formal request for extradition in the coming days.

A ministry spokesman said last night that his office will have 60 days to prepare its extradition request.

## Klarsfeld expects Lebanese will let her stay on

By ERNIE MEYER  
Jerusalem Post Reporter

Uncertainty about the fate of Nazi-hunter Beate Klarsfeld in Lebanon, was cleared up yesterday afternoon when she called her husband Serge in Paris from the Christian-controlled port of Jounieh, north of Beirut.

Beate Klarsfeld arrived in Beirut on Friday — without a visa — to offer herself as a substitute hostage for a group of five local Jews held since March 1985 (two others have been killed).

Klarsfeld told her husband that the German embassy in Beirut had intervened with the authorities, who promised to issue her a visa this morning. Although a French citizen through marriage, Beate Klarsfeld still holds a passport of her native West Germany.

With her first priority to ensure that she is not summarily expelled, she hopes soon to be able to pursue the purpose of her mission.

EIGHT PAGES  
FROM SUNDAY'S

## The New York Times

WEEKLY REVIEW  
INSIDE TODAY

## It was 'Shalom Yisrael' on Spanish TV, but policy is unchanged

The Spanish media, if not the Spanish people, has succumbed to a severe case of "Israel fever" against the backdrop of Madrid's decision to establish diplomatic relations with Israel and yesterday's meeting between Prime Minister Peres and Spanish Premier Felipe Gonzalez in The Hague.

But at the same time, Spain's policy towards Israel and the Middle East conflict remains steady and unchanged, characterized by strong sympathy for the Palestinians.

Since Friday, Israel and the Israel-Spain connection have remained steadily on the front pages of Spain's main newspapers. Yesterday *El Pais*, the leading independent daily, devoted its lead front page article, plus five full inside pages, to aspects of the newly forged ties.

The moderate right-wing *ABC* filled its front page on Friday with photographs of President Herzog and King Juan Carlos and the news of the establishment of formal relations.

As if to go one better, *Ya*, the newspaper of the Catholic church, featured on its front

page photographs of Peres and Gonzalez within a giant Magen David, emblazoned with enormous letters, "Shalom Israel!"

The state-run TV, which Israeli officials here say is normally "very hostile" towards Israel, opened its weekend news magazine with the Hebrew words "Shalom Yisrael-Sefarad" (deliberately employing the Hebrew nomenclature). And on Saturday night, the station devoted half an hour of prime-time broadcasting to a programme on the history of Zionism, Israel and the Middle East conflict which Spanish sources said was eminently fair to Israel, if not downright pro-Israel (even though there were several sequences about Palestinian refugees and scenes of refugee camps.)

Mordechai Amihai, acting head of Israel's mission in Madrid (head of mission Shmuel Hadass is in The Hague for the leaders' meeting) said that the Spanish approach, well reflected in the media, was clear: yes, to diplomatic ties, no, to many of Israel's policies.

Most of the Spanish press is party affiliated and reflects the parties' almost unanimous support for the establishment of

### Benny Morris, Diplomatic Correspondent, in Madrid

relations. The only dissenting voice has come from the Communist Party which argued that the timing was inappropriate.

Amihai noted that throughout Friday telegrams and telephone calls poured into the mission, which is officially designated Israel's representative to the World Tourism Authority based here. But unofficially, as everyone in Madrid knows, it has been functioning as an embassy for all practical purposes.

A major Spanish fear over the past weeks has been that the establishment of ties with Israel might trigger Arab terrorist attacks on Spanish targets abroad. It has been learned that last week Spain considerably beefed up its security forces in its Middle Eastern and European embassies, and that, ironically, at least one of those taken hostage in Beirut by Shi'ite gunmen on Friday was from among the reinforcements.

While officials here have for the past week been vaguely talking of a possible

Spanish contribution or role in the Middle East peace process — based in part on a mystical view of Spain's unique history as a meeting point of the three great western religions and cultures — Spanish policy, as enunciated by Madrid, has remained distinctly unfriendly towards Israel's perception of the conflict.

Spain this week reiterated without qualification the need for PLO participation in Middle East peace talks and the need to dismantle Jewish settlements in the territories as part of any peace settlement.

"There has been no change in policy or in the wake of the establishment of ties," said one knowledgeable observer last night.

Sam Toledano, the head of Spain's small (12,000 strong), but vocal Jewish community, said the ties go "much beyond" the framework of bilateral relations. He believed the new agreement to be of major significance as a counterweight to attempts to ostracize Israel from the community of nations and thought it would affect the attitude of Latin American and African states to Israel. Toledano felt that the new generation of Latin American leaders

would be influenced by the agreement in their view of the whole Middle East conflict.

Spain, Toledano maintained, is rediscovering its Jewish past. For centuries, Jews were described in text books here as monsters who killed Christian children to make *mazmor*. But a short time ago, Spain realized it had a Jewish past, said Toledano, that the Jews had contributed a great deal to Spanish culture, and that by expelling the Jews (in 1492) Spain had lost a dynamic population, in a move that contributed towards Spain's decline.

Toledano said that Spanish society in general understood this and he noted that in recent public opinion polls three times as many Spaniards had favoured the establishment of diplomatic relations as had opposed them.

Toledano stressed that especially among Basques and Catalans there was support for Israel. These minorities identified with the Israeli cause, with the attempt to revive an ancient language, and with the feeling of needing to withstand an external threat, he said.

## Peres and Gonzalez recall a 'golden age' at meeting in Holland 'Now we can discuss disputes'

By YOSSILEMPKOWICZ  
Jerusalem Post Correspondent and Agencies

**THE HAGUE.** — Spanish Premier Felipe Gonzalez and Prime Minister Peres sealed the establishment of diplomatic relations between Spain and Israel in a private two-and-a-half hour meeting here yesterday, followed by a joint press conference.

Gonzalez told newsmen that the establishment of relations with Israel was a result of Spain's concept of "the universality of relations" between nations. It was, too, rooted in "the deep links which historically, have united Spain with the Jewish people."

"Spain is one of the countries which has had the most historic sense of peaceful coexistence, not only three cultures, but also three religions — Islam, Judaism and Christianity," Gonzalez said.

Gonzalez added "it is our sincere and deep desire that the decision to establish ties with Israel contribute to the future coexistence of these three cultures."

He emphasized that Spain had in recent years overcome a long period of isolation by establishing links with the European community, the Western world and East Bloc states.

Asked whether he saw an important role for Spain in ending the Mideast conflict, Gonzalez replied, "We shall contribute to peace in the region in so far as it is possible. I believe we have a vocation to do so because of our national interests. Both Spain and Israel are Mediterranean countries."

Gonzalez was asked if diplomatic relations with Israel would ease negotiations on the problem of Spanish-Israeli competition for EEC markets. "I realize Spain and Israel are to some extent competitors, but given a market of 320 million (EEC) consumers, there should be no real problem."

Peres was apparently referring to Spanish opposition to Israel's policy in the territories when he told the news conference: "I am aware there are differences on some issues" between Spain and Israel. "The differences have not disappeared. But now we can discuss them and I welcome that opportunity."

Peres stressed: "The forging of diplomatic relations with Spain, is, for us, unlike the establishment of relations with any other state."

He went on: "This is an encounter



Prime Ministers meet. Felipe Gonzalez of Spain, left, Israel's Shimon Peres and Holland's Ruud Lubbers. The talks took place at the Dutch premier's official residence in The Hague. (AFP)

with a weighty historical legacy, a rare synthesis of joint creative achievement combined with the deep sorrow of parting and estrangement.

"We bear in our hearts the memory of the Golden Age. Can the history of Spain be recounted without acknowledging the contributions of Judah Halevi, Solomon Ibn Gabirol, Maimonides and other Jews who represent the great integration of culture and religion that characterized Spanish Jewry."

Gonzalez stressed that the opening of embassies in Madrid and Tel Aviv would take place within the next two months.

During their meeting, Gonzalez and Peres spoke in French. The meeting was described as "cordial" and as having a very positive atmosphere.

Leaving Israel early yesterday morning, Peres made a point of asking his cabinet colleagues not to come to the airport to see him off, according to usual practice.

Take-off was set for 6.15 a.m., and the ministers would have had to get there by 5.45 a.m. the latest, which Peres said was not fair to ask.

Tight security surrounded the two leaders' arrival in Holland.

Immediately after their separate arrivals, Peres and Gonzalez went to the residence of Dutch Prime Minister Ruud Lubbers, *Het Cathuis*, whose walls were being patrolled by police armed with Uzis.

The personal relations between the two men were stressed several times during the press conference and Gonzalez said "Mr. Peres is a long-standing friend. I have known (Continued on Back Page)

### Peres mourns Jewish war dead

**AMSTERDAM (Reuters).** — Six flaming torches fixed in the sodden earth blazed fitfully before a monument to Amsterdam's Jewish war dead as Prime Minister Peres laid a wreath in their memory yesterday.

Only one in four of the Netherlands' 140,000 pre-war Jewish population survived.

### Late-night meeting

**THE HAGUE.** — Prime Minister Peres and U.S. Assistant Secretary of State Richard Murphy were meeting here just before midnight (Israel time), the Israel Embassy here said late last night.

Peres was due to hear from the U.S. diplomat an account of his earlier meeting over the weekend in London with King Hussein.

### 'B-G did not reject ties'

By DAVID LANDAU  
Jerusalem Post Reporter

A former top Israeli diplomat has taken issue with Foreign Minister Shamir's assertion that Ben-Gurion spurned an offer from Spanish dictator Franco to establish diplomatic ties in 1949.

Gideon Rafael, one-time director-general of the Foreign Service and ambassador to the UN and to Britain, challenged Shamir to back up his assertion from official documents. "These are no longer secret and are available at the State Archives," Rafael noted to *The Jerusalem Post* yesterday.

Shamir said at the weekend that he believed Ben-Gurion had been "mistaken" to reject Franco's offer. But Rafael insisted that there was no such offer. "To the best of my knowledge," he said, "there was no serious, authoritative, governmental approach by the Franco administration to establish diplomatic relations."

Rafael recalled that in 1946 the first UN General Assembly had voted to impose a diplomatic boycott on Spain. The assembly called on member-states to withdraw their (Continued on Back Page)

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AMSTERDAM	-2	8	4
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CHICAGO	-3	12	5
COPENHAGEN	-4	11	5
FRANKFURT	-4	11	5
GENEVA	-3	10	4
HAMBURG	-2	9	4
HONG KONG	18	22	7
JERUSALEM	15	20	7
LONDON	-1	10	4
MADRID	-2	11	5
MONTREAL	-4	12	5
NEW YORK	-3	11	5
OSLO	-4	11	5
PARIS	-3	10	4
SAO PAULO	18	22	7
STOCKHOLM	-4	11	5
TOKYO	15	20	7
ZURICH	-1	10	4

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## THE WEATHER

Forecast: Cloudy, and rainy, especially in the South.

	Yesterday's	Today's
Jerusalem	10-15	10-15
Nahariya	8-12	8-12
Safed	7-11	7-11
Haifa Port	8-12	8-12
Tiberias	7-11	7-11
Nazareth	7-11	7-11
Afula	7-11	7-11
Shomron	7-11	7-11
Be'er Sheva	8-12	8-12
B-G Airport	8-12	8-12
Jericho	8-12	8-12
Gaza	8-12	8-12
Beer Sheva	8-12	8-12
Elat	8-12	8-12

## SOCIAL & PERSONAL

Mayor Teddy Kolek yesterday visited the David Yellin Teachers' College, and met with the dean, Dr. Norman Schanin, members of faculty, and students.

A Wizo women's club was inaugurated yesterday in Kitzur by Gilberte Dijan, French Wizo's past president, for whom it is named.

## ARRIVALS

Who Federation Presidents and Chairman Amos Perlmutter (Argentina), Fanny Hollander (Belgium), Renee Cogan (Chile), Selma Nathan (Denmark), Synnove Schuck (Finland), Hellen Israel (Germany), Brenda Katten (Brazil), Freddy Mark (Holland), Adeline della Porgole (Italy), Ester Isken (Norway), Sylvia Berzak (S. Africa), Asid Mirali (Spain), Ruth Dreyfus (Switzerland), Evelyn Sommer (U.S.), Clara Shmida (Yugoslavia), to participate in the 19th World Women's Congress.

## DEPARTURES

Agriculture Minister Arye Nehamkin, to Berlin, to represent Israel as a guest of honour at the Green Week agriculture fair.

Haifa Mayor Arye Gurel, to Maccabees, to receive a Legion of Honour award in appreciation of his work in strengthening Franco-Israeli ties.

## Maccabi win derby

By DON GOULD  
TEL AVIV. — A short-handed Maccabi Tel Aviv breezed past an even shorter-handed Hapoel Tel Aviv in a disappointing local basketball derby last night, winning 109-93. The champions were without Kevin Magee who was down with flu while Hapoel missed both Earl Williams and their captain Mike Large who was also indisposed.

Maccabi virtually had the game tucked away by the quarter mark when they led 35-16, leading to a 60-30 scoreline by the turnabout. The game, which lacked the usual spark of derby encounters, was watched by only 3,000 at Yehud.

Johnson with 33, Janichev 30, and Berkovitch 28, topped the scoring for Maccabi, while Zimmerman headed the losers' tally with 32 points.

## Kissinger gives formula for ME peace

By MARK SEGAL  
Post Political Correspondent  
TEL AVIV. — Henry Kissinger last night gave his formula for reviving Middle East peace efforts: a combination of his old step-by-step technique, partial arrangements "if we cannot achieve all in one set of negotiations," and much patience.

Speaking after being awarded an honorary doctorate by Tel Aviv University President Moshe Many, the former U.S. secretary of state referred only to "limited" arrangements with Syria.

Economics Minister Gad Ya'acobi stood in for Premier Peres at the crowded ceremony, which was accompanied by flashing lights from batteries of TV cameras and photographers. Ya'acobi conveyed both the government's and his own greetings as a former student of Kissinger's at Harvard.

Ya'acobi and other speakers hailed Kissinger's role in achieving the important Middle East accords of the mid-1970s, and described him as a unique combination of academic theorist and seminal figure in world history.

Sitting in the front row were U.S. Ambassador Thomas Pickering, his

## HOME NEWS

### Herut committee to vote on delaying convention

By SARAH HONIG  
Post Political Correspondent  
TEL AVIV. — Herut ministers yesterday opened the way to postponing the party convention, and it is now expected that the assembly, scheduled for February 16, will be put off for at least several months.

The party's central committee will vote tonight on the ministerial proposal that the "timetable for the convention be altered." The committee is thereby expected to entrust the ministers with working out a new convention date and a timetable leading up to it, and reporting back to a future central committee session.

The ministerial proposal aimed to stave off the rift which the volatile convention would surely have produced had it been held as scheduled. The objective now is to reach agreement in advance of the rescheduled convention.

Only Industry and Trade Minister Ariel Sharon opposed yesterday's compromise, which had been worked out before the ministers' meeting at a 40-40 tie between Vice-Speaker Shamir and his chief rival in the party David Levy.

The deal defuses the potentially explosive situation that had been expected at tonight's central committee session, which was due to vote on a proposal to allow special representation at the convention to various sectors in the party. This was hotly opposed by the Levy camp, but favoured by the Shamir side, which was seen as having the majority in

the committee. Levy went so far as to threaten to boycott the convention if Shamir dared pass his proposal.

The expected action by the central committee also means delaying internal party elections, in which some 90,000 members were to elect 1,400 convention delegates on Wednesday.

Party insiders see the compromise as in part at least an admission of defeat by Levy. He has for long accused Shamir of seeking to put off the convention to prevent changes in the composition of party institutions.

Levy's agreement is seen as stemming from his realization that he could not stop Shamir from sewing up the convention.

Shamir, for his part, had to compromise, since, although he had a majority to control the convention, he could not have prevented rowdy scenes by the Levy supporters, and the row would have wrought irreparable damage to Herut.

But a postponement of the convention by even a few months, is seen as an achievement for Shamir, who can only gain, the closer that the assembly is held to the date of the rotation of the premiership. His position as party leader would thus be less open to challenge.

The object in Herut is to prepare all the convention details beforehand, leaving as few as possible open to conflict. Herut reasons that a party rift would encourage Labour to wince on the rotation agreement.

### Liberals expel leaders of new Centre Party

By SARAH HONIG  
Post Political Correspondent  
TEL AVIV. — The founders of the new Liberal Centre Party were sent official notices yesterday that they are no longer members of the Liberal Party or its institutions.

Among the recipients of the letters were Tel Aviv Mayor Shlomo Lahat, Jewish Agency chairman Arye Dulzin, former minister Yitzhak Berman, Rehovot Mayor Yehzekel Hameleeh, Tel Aviv Deputy Mayor Yitzhak Caspi and former MK Yehzekel Flomin.

The letters say that since those concerned have announced that they are taking part in the founding of the new party, their names have been erased from the Liberal Party's rolls and from its institutions.

The new party's founders all oppose the proposed merger with Herut and plan to fight the Liberal Party for the party's assets. The LCP maintains that it did not split from the Liberal framework, but rather that the merger with Herut is a defection from Liberal ranks.

The new party's spokesman told The Jerusalem Post last night that "the Liberal Party has failed and its latest move is laughable."

### Press Council limits newsmen, but blasts bill on suspects

TEL AVIV (Itim). — The Press Council plenum yesterday attacked the government's bill to ban publication of suspects' names as "likely to damage press freedom." But the council also adopted a new code of journalistic ethics emphasizing that "a person is innocent until proven guilty."

The plenum, meeting at Beit Sokolow here, passed a resolution calling on the Press Council president, together with the Committee of Editors of Daily Newspapers and the Journalists Union, to campaign against the bill.

The bill proposed by Justice Minister Moshe Nissim, would allow publication of suspects' names only after they have been in custody for 30 days or after charges have been filed. Last week the cabinet referred the bill to the cabinet legislation committee.

Speaking to the plenum, Press Council president Yehoshua Rotenstreich said the bill had been proposed under the guise of protecting the "little man." In fact, he argued, such proposals have been consistently raised whenever a public figure had been hurt by press reports.

"If this bill is not defeated, this government or the next will stretch its tentacles even further," Rotenstreich warned.

But he also said that journalistic competition had led to a blocking of the council's own rules on the individual's right to privacy. "We've always warned that there will be external supervision if the press doesn't supervise itself," he said.

The plenum ratified a new code of ethics, prepared by a committee headed by former Ma'ariv editor Moshe Zak.

"Journalists and the media must respect every person's good name... and refrain from publishing details on him or his family's private life in which there is no public interest, or which are irrelevant to the subject being reported," the code states.

"If there is a possibility that an article may damage a person or a body, the truth of the report must be checked with that person or body," another clause says.

"A journalist may not use trickery, provocation, enticement, extortion, threats or violence to gain information."

"A journalist may not accept, directly or indirectly, any benefits which may affect his writing or editing," other clauses state.

The code authorizes the council to investigate violations, and to require newspapers to publish the results of its inquiries.



Children play in the snow at a Mt. Hermon recreational site opened to visitors over the weekend. Yesterday's stormy weather brought more snow flurries to Mt. Hermon, and light snow to the northern Golan Heights and Safad. The snow on Mt. Hermon was 1.5 metres deep yesterday, and the site may be opened for skiing within a few days. Elsewhere in the North, yesterday's high winds uprooted trees, blew roofs off storehouses at several moshavim, and brought down power lines, causing blackouts in Carmiel and parts of Nahariya. The weather forecast for today is cloudy and rainy — this time particularly in the South. (IPPA)

### State budget to Knesset today

By AVI TEMKIN  
and ROY ISACOWITZ  
Jerusalem Post Reporters  
Finance Minister Yitzhak Moda'i is today due to place before the Knesset the state budget for fiscal 1986/87, despite threats by Labour MKs that they will vote against his proposal.

In addition, the Treasury, the Bank of Israel and the Economic Planning Authority at the Economics Ministry are today due to present the national budget, a joint document giving the government's and bank's forecasts for the year.

It was not certain yesterday whether the state budget would be submitted, since Moda'i was ill and did not attend the cabinet meeting. But a spokesman said the minister would be at the Knesset today to present and defend the budget.

The state budget will follow the decisions taken by the cabinet in December on spending cuts and a tax increase of some \$580 million. It will include the education levy that the ministers approved as the alternative to abolishing free secondary education.

But the Labour Party dissatisfaction with the draft budget could lead to the postponement of its first reading.

The Labour Knesset caucus is due to meet this afternoon. During the previous caucus meeting last Thursday, many MKs were sharply critical of what they said was the budget's failure to dispense social justice.

This morning, the caucus executive will draw up the terms of reference of the team appointed last Thursday to examine the various proposals for changes in the budget bill.

The team, consisting of Ministers Moshe Shahal and Gad Ya'acobi and MKs Rafi Edri, Uzi Baram and Avraham Katz-Oz, is due to begin work tomorrow.

Labour's prime complaint is that the draft budget does not express the government's declared objectives of "sharing the economic burden equally" and developing the means of economic growth. Nor does the budget conform to Labour's order of priorities on health, education, agriculture, pensioners and welfare.

The bill's critics demand that the necessary changes be agreed on in principle before the first reading and before the bill is sent to the Knesset Finance Committee for detailed debate.

"Experience has taught us that it is very difficult to introduce substantial changes after the first reading," one MK said yesterday. "Therefore we intend demanding that the reading be postponed until our team has had time to examine the issues."

Last Thursday's meeting witnessed several clashes between the critics of the government's economic policies and Prime Minister Peres, who interrupted the speakers several times to defend the government.

Clashes over the budget are also expected at today's meeting of the coalition executive. Labour's representatives reportedly intend to demand that the allocations for education and health be increased and that much of the funding set aside for West Bank settlements be channelled to development towns within the Green Line.

### Aluf Barak takes over Central Command

Post Defence Correspondent  
Aluf Amnon Shahak yesterday handed over Central Command to former OC Military Intelligence, Aluf Ehud Barak. After a short leave, Shahak will replace Barak as the head of Military Intelligence.

Both men served in their previous capacities for slightly over two years. The switch is part of the IDF's regular policy of rapid rotation at all command levels.

Speaking to military correspondents in Tel Aviv yesterday, Shahak summed up his period of command at Israel's central front, which includes the West Bank and the Gaza District, by saying that, in his opinion, the Jordanians were doing their best to prevent terrorist infiltration and attacks across the border. The establishment of PLO headquarters in Amman, however, had facilitated terror in the territories and in Israel, and had also led to closer ties between PLO supporters and pro-Hashemites on the West Bank.

He said that the anti-terror policy was, and would remain, uncompromising. The goal, he said, was to allow those who wanted to live a normal life to do so, while relentlessly pursuing terrorists. Five people had been banished, and orders were pending against three more, and "several dozen" houses of persons found guilty of terrorism had been destroyed. Some 110 people had been placed under administrative arrest over the past six months, but most of them had been released, he reported.

The IDF also had to deal with youngsters, mostly born after the 1967 war, who were carrying out individual attacks against Jews in the territories. This problem, he said, was more difficult to deal with than "conventional terror," against which the IDF and the security services had achieved a high success rate.

Taking over the command yesterday, Barak said that he intended to continue the process of building up the forces under him. Barak, who accepted the chief intelligence post on condition that it would be for only two years, told his replacement that he could expect "challenges and satisfaction," but that "one needs luck in addition to the rest." Barak was referring to previous heads of Military Intelligence who had been forced to leave the army under a cloud.

### TV blackouts may lead to long lockouts

By GREER FAY CASHMAN  
Jerusalem Post Reporter  
A staff association that blacks out the television screen may have to bear the responsibility for a prolonged lockout by management. This was the general warning emerging from yesterday's Broadcasting Authority plenum, although a vote was deferred to next week, after the conclusion of legal proceedings in which the IBA is involved.

While the plenum cannot suspend broadcasts, it can delay their resumption in the wake of a strike. Angered by last week's strike and by subsequent disruptions by television technicians, the plenum is bent on proving that management and not the unions run Israel Television.

Hostilities between the authority and the television technicians are expected to come into the open again this morning when the IBA appeals against an interim injunction issued last Tuesday in the Jerusalem Labour Court ordering the authorities to reinstate the technicians' staff committee head Hezi Koka.

The IBA is acting on the advice of Attorney General Yitzhak Zamir, who believes that the court does not have jurisdiction to overturn the ruling of a statutory body.

Koka was suspended by the IBA management committee for blocking out six minutes of Mabat news, during screening of the Temple Mount fracas 10 days ago. The report sought to use video material shot here by a foreign camera crew. Management refused to recognize that Koka had acted in his capacity as union leader.

Koka's suspension led inevitably to a strike, which was endorsed by the Histadrut. The technicians said they would not go back to work until Koka was reinstated, while the IBA was just as determined not to have him back.

The labour court, which the IBA

## HOME NEWS IN BRIEF

### Police hold suspect in bus shelter arson

A 27-year-old Jerusalem man was arrested early yesterday morning on suspicion of setting alight a Jaffa Road bus shelter. He was caught with lighter fuel and old rags in his possession.

Yesterday's bus shelter burning was the 28th such incident in the country. Southern District Police Commander Rahamim Comfuri said in a radio interview yesterday that police were unable to prevent such incidents and could hope only to catch some culprits and thus deter others.

### Carmiel — a municipality

CARMIEL (Itim). — This Western Galilee development town is to get municipality status today.

Founded in 1964, the town was scheduled to have a population of 65,000. But only 20,000 people now live here — and of these, 1,000 are unemployed.

### Bad wiring in schools

A quarter of the country's schools have faulty wiring which poses safety risks, according to a recently-released report of the Safety and Sanitation Institute.

The institute, attached to the Labour and Social Affairs Ministry, reports that there were 1,000 school accidents last year because of poor electrical wiring.

### Children's ballet

A children's dance group trained and directed by Alexander Livchitz, former character star of Leningrad's Kirov Ballet, and his wife Emma, last week gave a performance at the Jerusalem Theatre that more than confirmed the reputation it gained last year.

The young solists exhibited an advanced sense of style, and all the children showed enjoyment of the rhythmic flow of the dances.

### French donate vaccine

The Pasteur Institute of Paris has sent Israel 3,000 units of vaccine for viral hepatitis B, through Biopharm Ltd., its local representative.

The vaccine is to be used to protect hospital staffers who come into regular contact with possibly infected blood. Alcoholics, homosexuals and patients who receive blood infusions will also be vaccinated with the donated vaccine.

### Border settlements call off shutdown

The Ma'aleh Yosef regional council, which comprises 22 northern border settlements, yesterday stopped its 12-day shutdown of schools and other local services.

An emergency meeting of the regional council and settlement leaders decided to resume the strike in two weeks if ministries do not then forward the money they owe the council. (Itim)

### Near-blows over alleged racist remarks

By PATRICIA GOLAN  
Two members of the Jerusalem City Council nearly came to blows last night during a stormy meeting over racist statements attributed to Deputy Mayor Nissim Ze'ev of Shas.

At the end of the two-hour debate over remarks by Ze'ev charging that Arab pimps run brothels staffed by Jewish women in the Neve Ya'acov neighbourhood, Dede Ben-Shitrit, of Mayor Teddy Kolek's One Jerusalem party, and Avraham Cohen, of Shas, had to be forcibly separated.

Cohen threatened Ben-Shitrit with a bottle as the latter was distributing copies of an unpublished version of the original interviews with Ze'ev.

Following publication of Ze'ev's remarks, Arab residents of Neve Ya'acov were threatened by armed men and two apartments were set on fire.

Ze'ev insists he was misquoted by the press and is the victim of persecution. But last night he failed to make an unequivocal retraction.

### The International Cultural Centre for Youth I. C. C. Y.

mourns the passing of its great friend

### Chancellor HERBERT W. ARMSTRONG

of blessed memory, whose life was devoted to world peace. We express our sympathy to Ambassador College, Ambassador Foundation, and to his friends around the world.

Moshe Kol  
Zvi Dagan  
Board and staff of the I.C.C.Y.

On the thirtieth day since the passing of our beloved mother and grandmother

### JULIE NEUMANN

we will hold a graveside memorial service and unveiling of the tombstone tomorrow, Tuesday, January 21, 1986 — 11 Shvat 5746 at 2 p.m. at the Kiryat Shaul cemetery, Tel Aviv.

The Family

### The Israel Association of Analytical Psychology

mourns deeply the tragic death of one of its founding members

### JULIE NEUMANN

and extends its condolences to the family.

With deep sorrow we announce the passing of our dear mother, grandmother and sister

### ESTHER BEIZER

The funeral will take place at the Shikun Vatikim cemetery in Netanya, today, Monday, January 20, 1986, at 2.00 p.m. Shiva at Rehov Brenner 3/3, Netanya. Tel. 053-30806.

The Family

### Lendl supreme

NEW YORK (AP). — Ivan Lendl, the world's top-ranked player brushed aside the latest challenger to his throne, capturing the Masters tennis championships with a compelling straight-set victory over West Germany's Boris Becker here last night.

It was power against power, strength against strength, and, in the end, 24 hours after they had begun, Lendl had handed the Wimbledon winner a 6-2, 7-6, 6-3 defeat (see earlier story p.4)

To LOUIE AND FAMILY

Our condolences on the death of

### BESSIE WILLIAMS

From her many friends at Kibbutz Amiad.



## EVOLUTION OF THE TABA PACKAGE DEAL—III

## All's well that ends well?

Over late December 1985 and in early January, Egypt supplied "clarifications," at Israeli request, on various aspects of the package deal proposals that had crystallized at the talks in Cairo and Herzliya in November and early December. They were conveyed in messages from President Mubarak to Prime Minister Peres on December 18 and 24 and January 2, with the first and last seen as the most important by Israel.

In the January 2 message Mubarak reiterated the Egyptian position, that following an Israeli government decision to submit the Taba issue to arbitration procedure, the following will take place: (1) The two sides shall conclude... an agreement on the main elements of the *compromis* on the basis of the understandings reached thus far and the constructive suggestions made by the American delegation. (2) This agreement will also incorporate a resolution of the dispute by other means during the early phases of the arbitration procedure...

Mubarak also reiterated Egypt's agreement to "access (for the loser) to the Taba area and management of the facilities there."

Mubarak added: "(3) As agreed to by the two delegations in May 1985, after an Israeli decision on arbitration, both countries will implement their mutual commitments in a 'basket' [i.e., package] deal approach. This will include a new phase in bilateral relations in the

area of tourism, trade, cultural relations, political dialogue, as well as the return of the ambassador."

The Egyptians throughout refused to use the word "conciliation", preferring to designate such a possible stage in solving the Taba dispute as a "solution by other means." Explaining this, Egyptian Charge d'Affaires Mohammed Bassiouny said "in the name of the President," that while Egypt would "refrain from designating the conciliation component by its explicit name and would refer to it as 'solving the dispute by other means,'" Israel could continue to refer to it as "conciliation" in communications and contacts between the two countries.

Regarding the *compromis*, on December 18, the U.S. Government—whose representatives had participated in all the full-delegation talks in both Egypt and Israel—had proposed (and Egypt had accepted) a compromise formulation that related to the "question" which the arbitrators were to "answer"—that is, the core of the *compromis*: "Where should be the exact location of the markers of the recognized international boundary (at the disputed points) (in the disputed areas) in accordance with the Peace Treaty."

This formulation was regarded by Tamir and other Israeli officials as sufficiently "wide" to enable Israel to include in its testimony to the arbitrators maps and other material from the 1906 British survey mission, which (for the first and only time)

mapped and demarcated the international frontier between Egypt and Ottoman-controlled Palestine.

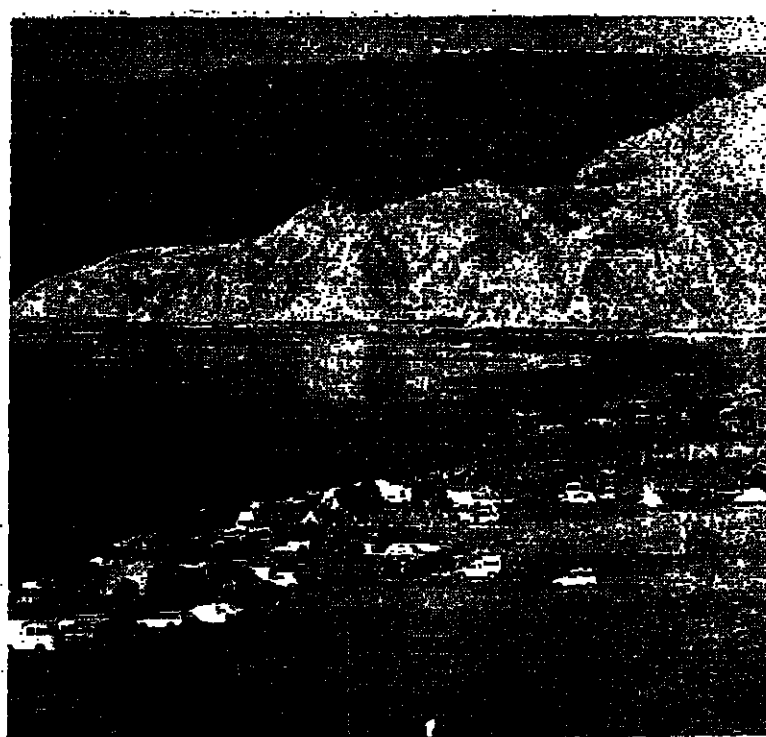
The Israeli claim to Taba, or to at least part of the disputed territory, rests mainly on the 1906 evidence.

The December 18 American paper added that the parties (at the Cairo and Herzliya talks) had agreed that each side could submit to the arbitrators all evidence relating to the arbitration, and the arbitrators would only decline to consider evidence that did not conform to the peace treaty provisions.

Following receipt of the last of the Mubarak messages—these messages often miffed the Israeli officials in that they were unsigned and conveyed orally by Bassiouny—Israeli policy advisers on January 8 submitted a detailed analysis of the negotiations and clarifications thus far, noting with satisfaction Egypt's repeated commitment to "implement the aspects of normalization" after Israel had declared its willingness to submit Taba to arbitration—including the return of the ambassador, the meeting of working groups to set down a timetable and method for implementing normalization, and a summit meeting. They duly noted Egypt's readiness to "simultaneously" implement the various normalization agreements and its agreement to a "wide" *compromis*, on the basis of what Egypt regarded as "the positive and constructive" American formula.

Peres then brought a draft resolution to the inner cabinet meeting of January 9, having first met with Foreign Minister Yitzhak Shamir and received his explicit agreement to submission of the draft to the inner cabinet and his implicit agreement to the submission of the Taba dispute to arbitration, the first (and most important) clause in the draft resolution.

The draft also enabled the arbitrators to solve the border dispute "by means of conciliation ('solution by other means') during the first '6-8 months' of the arbitration process. The draft stipulated that before the start of arbitration, the two sides



Part of the disputed area at Taba

(Werner Braun)

would complete a *compromis* which would enable both sides to submit all their evidence and arguments and authorize the arbitrators to consider them; that Egypt and Israel would agree on "symmetrical arrangements" which would prevail in Taba after the arbitration with regard to access and the management of facilities, and with regard to security at the site; and that the two sides would agree on a timetable for implementation of the hitherto inoperative normalization agreements.

The draft instructed the Israeli negotiators to "act so that by the time the arbitration process begins,

the Ras Burka report would be received" by Israel; there would be a summit; and the matters of reparations to the families of the Ras Burka victims and of the "media atmosphere" (that is, hostile propaganda), would be discussed.

The final provision of Peres's draft resolution read: "The solution of the Taba problem and of the other points of dispute and the implementation of the [normalization] agreements according to an agreed timetable, will be treated as a single complex [yenuku kemichol ehad]."

The Likud counter-proposals also stipulated that Egypt should "act to bring about a positive change in the Egyptian media in a manner that will end the hostile propaganda and incitement against Israel"; and that Egypt "avoid giving any sort of support or assistance to the PLO."

The Likud counter-proposals stipulated that the start and continuation of the arbitration process be "conditional" on the full and continuous implementation of the various normalization clauses (and the propaganda and PLO clauses), with arbitration being halted if these were not carried out.

Lastly, the counter-proposals would be negotiated with Egypt *ad referendum*, with Israel's agreement to each contingent on inner cabinet approval.

In the early morning hours of January 13, after a 13-hour debate, the inner cabinet passed the bulk of the Peres-Shamir draft resolution, with some Likud-prompted modifications. In the view of the Prime Minister's Office, the final resolution in no way contradicted the agreements and understandings reached with Egypt during the previous months. Conciliation remained a stage in the arbitration process; the return of the ambassador and the implementation of the normalization agreements were treated as a package, with each element contingent on the next.

(The final article in a series)

## Raya Jaglom's 45 years as a Wizo workaholic

The 19th convention of Wizo opens in Tel Aviv today. The Post's Mark Segal profiles the president of the organization, Raya Jaglom, and touches on the question of the succession.

For many people Raya Jaglom is Wizo. The workaholic president of the organization—only the third in Wizo's long history—is marking her 45th year of activity in the organization and her 15th year in office.

Jaglom began her Wizo work with the Tel Aviv branch and in 1948 was sent on a fund-raising mission to France and Switzerland because of her talent for languages (including Russian, French, and German) and, as it turned out, for raising money. That catapulted her up the ladder and into a close friendship with Rebecca Sieff, which lasted until Lady Sieff's death in the early 1960s. Jaglom served on the Israel Wizo Executive (1951-55) and, then, with Sieff as her mentor, was elected to the World Wizo executive.

In 1957 Jaglom became treasurer, learning the power of figures the hard way. Jaglom was relatively young at the time, so her promotion apparently caused some unrest

among the other women.

With Sieff's death, Rosa Genossar became world president and Jaglom world chairman, a post she held between 1963 and 1970. However, due to family problems, Genossar was unable to travel, obliging Jaglom to increasingly assume her duties in the mid-60's until her election to the presidency in 1970.

The year she assumed the chairmanship (1963) was one of the highlights of her career: she led the first and only officially invited women's Zionist delegation to the Soviet Union. It was at the time something of a sensation when Jaglom received the official Soviet invitation with the phrase "women Zionists of Israel." Moshe Sharett, then World Zionist Organization chairman, in analysing the circumstances, concluded that the invitation had been sent largely because of Jaglom's good relations with the then Soviet ambassador.

Jaglom remembers the trip as a painful journey for reasons of encounters with Soviet Jewry, who had been tagged "the Jews of silence." The Wizo delegation included the late Dr. Helena Kagan, the late Hanna Levin and Miriam Ben-Porat. Together, they visited Moscow, Leningrad and Kiev. Overriding

their guide's protests, they also went to Bab Yair. While in Moscow they were given a luncheon by then Israeli ambassador Yosef Tekoa (whose wife Ruth is today chairman of Israel Wizo), for which most members of the powerful Soviet Women's Committee turned up. A year later, in 1964, the Soviets sent a delegation here. One of its two members was a medical expert who, on her return, wrote of having seen sights such as children stricken by trachoma.

WIZO's work in Israel includes caring for 13,500 children in day-care centres; 4,500 youngsters in schools and youth villages; 18,000 youngsters catered for by Wizo youth clubs; tens of thousands of women whose day revolves around Wizo community centres, and 20,000 mothers of large and generally poor families whose only vacation ever was at Wizo's Theodor Hens rest home (named after a West German Jewish refugee, Herzl Hens).

A highlight of the conference will be the inauguration of the home for the aged in Tel Aviv (on the site of the old creche) named after Alexander and Paula Gold de Leonescu, to which the widowed Mrs. de Leonescu donated \$1.5m.. Alexander

Bond of New York gave \$350,000 and Jaglom \$80,000 for a synagogue in memory of her parents. It must be one of the most modern facilities of its kind in the country, and stands next to the Rebekka Sieff House with World Wizo's head offices.

World Wizo operates on a presidential system, whereby the president is elected by the conference, with the world executive comprising 20 Israeli members and 20 heads of the largest federations. At each conference one-third of the world executive is replaced. Jaglom expects to be re-elected without any other challenge. If there is any opposition it is mute, although as in any organization there are occasional rumblings of dissent over Jaglom's tough, almost imperial, style of presidential rule. But even her critics concede her successes, including getting Wizo onto the Jewish Agency executive and the World Jewish Congress.

None can deny her hard work from her tiny office on the fifth floor of Wizo House. She is also engaged in the campaign for Soviet Jewry, as head of Israel Women for Ida Nudel, serves as chairman of the American-Israel Friendship Society and as gov-



Raya Jaglom

ernor of the Hebrew University and the Israel and Tel Aviv Museums.

I ventured into the minefield of the succession issue and wondered why at the 18th world conference, Raya Jaglom had spoken of standing down in favour of another candidate (then world chairman Ruth Izakson) and why she had then changed her mind. Unperturbed, Jaglom spoke of emulating Rebecca Sieff, who had moulded her for the top job. Today, she says, she sees Michal Moda'i as the ideal choice. "She has all the virtues and necessary attributes for the job. She is diligent, hard-working and devotes her life to the movement. We work harmoniously together. I couldn't think of a better person to take over when the time comes," Jaglom said.

## West Bank painters for Israeli convention

By YA'ACOV FRIEDLER  
Jerusalem Post Reporter  
HAIFA. — For the first time, two West Bank painters have been invited to attend the national convention of the Israel Painters and Sculptors Union, scheduled here next weekend.

The two, invited "at the insistence of the union's Jerusalem branch, which made its attendance conditional on the invitation," will be allowed the floor during the opening debate, according to the chairman of the organizing committee, Gershon Knispel. Knispel, who is secretary of the Haifa branch, told the press yesterday that the convention marks the union's 50th anniversary.

The invitation to the West Bankers was also in line with the organiza-

tion committee's "concern and open-mindedness for the struggle for equal rights, and our inability to remain indifferent to what is happening among the Arab artists across the Green Line," he said. It was also in line with the principles of Unesco, to which the union is affiliated, to allow free expression to all artists.

The convention, with 73 delegates representing nearly 2,000 members, including 40 Arab artists in Haifa and the north, will be asked to approve a change of name to Israel Creative Artists Union. It will also be asked to open its ranks to other artists "in line with the development of art today."

A memorial exhibition of the works of 70 deceased members will be opened in the local artists house.

## 12 Kach members try to reach Mount

By BARBARA AMOUYAL  
Jerusalem Post Reporter  
Twelve Kach Party members were arrested yesterday morning when they tried to force their way through the Mugrabi Gate after Wakf authorities refused them entry to the Temple Mount.

The group came with Israeli flags and placards reading: "No place for

Arabs on Jewish holy ground." According to Kach activist Baruch Marzel, they intended to prove that "there are still some Jews who won't bow to Arab authority."

Two of the 12 are expected to be charged tomorrow with disturbing the peace and resisting arrest. The other 10 were released after questioning.

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## READ BEFORE YOU WED

Every couple that's getting married wishes to make a go of married life. Regrettably, however, one out of every six marriages ends in divorce. Na'amat's legal aid bureaus have learned that 80% of the problems of a couple about to be separated involve property and alimony. Monetary problems, however, can be solved with the aid of experienced professionals. In order to prevent problems from arising and in order to facilitate their solution, Na'amat proposes that each couple about to be married sign a:

Financial Agreement in addition to the Ketuba

Within the framework of status of women month, Na'amat invites couples about to be married to pay a visit to one of its legal aid bureaus and receive free advice on how to prepare a financial agreement. Examples of financial agreements may be found in the pamphlet Guide to the perplexed woman, included in this month's copy of Na'amat Magazine and sold at all Na'amat branches (price: NIS 4).

Na'amat's legal aid bureaus are at your service:

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Tue. — 4.00 p.m. — 6.00 p.m.  
Tel. 03-864121  
Tue. — 4.00 p.m. — 7.00 p.m.  
Tel. 03-918988

Jerusalem:  
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Tue. — 4.00 p.m. — 7.00 p.m.  
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Tue. — 4.00 p.m. — 6.00 p.m.  
Tel. 03-864121  
Tue. — 4.00 p.m. — 7.00 p.m.  
Tel. 03-918988

Netanya:  
Tel. 053-24714, open all day  
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Tel. 052-25281  
Wed. — 6.30 p.m. — 8.30 p.m.  
Tel. 03-894191  
Tel. 052-25261  
Tel. 04-641781

It is advisable to make an appointment in advance; call the above listed phone numbers throughout the week during office hours (Tel Aviv branch: Sun. — Thurs. only).



**Na'amat — Working Mothers and Volunteers Organization**

HISTADRUT General Federation of Labour

01/20-82



## Yemeni strongman a hard-line Marxist

BAHRAIN (Reuters). - Ex-president Abdul-Fattah Ismail, 47, who appeared to have won control of South Yemen yesterday after a week-long battle to oust President Ali Nasser Mohammed, is described by Western diplomats as a hard-line Marxist ideologue.

A former technical worker with British Petroleum, he joined the National Liberation Front (NLF) rebels against British rule in Aden and the Protectorate of Southern Arabia in 1959.

Within five years he was head of the NLF's military and political activities in Aden, and with Mohammed became a leading member of its Marxist wing.

After the People's Democratic Republic of South Yemen was established in 1967, Ismail was made culture and national guidance minister.

By 1969 his growing power became clear when he was elected secretary-general of the NLF and a member of the Presidential Council under President Rubayi Ali.

Firmly pro-Soviet, Ismail became increasingly estranged from Ali, who began to lean towards Peking. Mohammed became prime minister in 1971 and joined Ismail on the Presidential Council; the two men led the Moscow faction in the government.

In June 1978 they engineered the ousting and execution of Ali. Mohammed became interim head of state, but ceded the presidency to Ismail.

In April 1980 Ismail stepped down

as president, ostensibly on grounds of ill-health, and went into self-imposed exile in Moscow, leaving Mohammed to take his place.

Ismail returned to Aden in 1983 and within months was elected to an expanded politburo, in what Western diplomats saw as a bid to appease critics of Mohammed's drive to improve ties with neighbouring Arab states.

Ismail appeared the de-facto head of a faction determined to remain firmly pro-Moscow. Tension between the two groups grew and diplomats said armed confrontation last summer was only averted by Soviet and Palestinian mediation.

The latest power struggle erupted on January 13, when Aden radio reported a failed coup attempt and a bid to kill Mohammed.

The radio came back on the air yesterday, after only sporadic broadcasts since the fighting started, saying the politburo had foiled attempts by Mohammed and his supporters to impose a dictatorship on South Yemen.

The radio bailed Ismail's success in foiling attempts "to link the country with the wheels of neo-colonialism and reactionary influence" - an apparent reference to Mohammed's drive for improved ties with the outside world.

The ousted president's policy was seen as dictated mainly by a wish to attract development aid for the impoverished nation, heavily dependent on Soviet aid since independence, and diplomats expect a return to a more isolationist stance under the new regime.



A building in downtown Aden burns out of control after being hit on Saturday during fierce fighting between rebels and government soldiers. (AFP telephoto)

## Japan and Soviet Union to resume peace treaty talks

TOKYO (AFP). - Japan and the Soviet Union have agreed to resume peace treaty negotiations which stalled eight years ago, the foreign ministers of both countries said in a joint communiqué published yesterday.

The statement was made following the departure of Soviet Foreign Minister Eduard Shevardnadze after a five-day visit. Shevardnadze arrived later in the day in Pyongyang, where he is paying an official visit.

Shevardnadze and his Japanese counterpart, Shintaro Abe, "conducted negotiations on the conclusion of the peace treaty, including problems which might constitute the content of the said treaty, on the basis of the agreement affirmed in the joint communiqué published on October 10, 1973," the statement said.

The negotiations are scheduled to continue at the next ministerial meeting, the communiqué said. Abe said yesterday that he would visit Moscow later this year.

The joint statement published following the October 1973 visit to Moscow of then prime minister Kakuei Tanaka, said that the two countries should find a solution to "questions which have remained unresolved" since World War II and sign a peace treaty.

A peace treaty would normalize relations, as the two countries never signed a formal treaty after World War II ended. But Tokyo has said it would not sign any pact until Moscow agrees to recognize its claim to sovereignty over four islands to its north.

The text published today, like that in 1973, did not refer explicitly to the problem of the "northern territories" as one of the "unresolved questions" between the two countries.

Moscow has refused since 1973 to formally acknowledge the existence of a territorial dispute.

Yesterday's joint statement, however, did specify that the Soviet side would "study from a humanitarian point of view" the request that Japanese families be allowed to visit the tombs of their ancestors "on the islands."

It added that Japan and the Soviet Union had agreed to hold regular consultations at least once a year, alternately in Moscow and Tokyo.

## FOREIGN NEWS IN BRIEF

### Dutch tugboat rocketed south of Kharg

MANAMA, Bahrain (AP). - A Dutch tugboat was rocketed yesterday close to the Iranian shore in an apparent Iraqi attempt to disrupt Iranian work on a new oil terminal going up south of the battered Kharg Island facility, marine salvage executives reported.

The tugboat was providing offshore maintenance assistance to workers constructing the terminal that would operate about halfway along Iran's Gulf coast.

Iran set out to develop alternative outlets for its crude oil loading facilities after Iraq last August began launching almost daily air raids on Kharg, which accounts for about 90 per cent of Iranian oil exports.

### Railway favoured on eve of English Channel decision

LONDON (Reuters). - A rail-only tunnel was widely tipped yesterday as the scheme Britain and France will adopt for a fixed link across the channel between the two countries.

Three British national newspapers said French President Francois Mitterrand and British Prime Minister Margaret Thatcher would approve a \$3.3 billion rail link when they met in the French city of Lille today.

Under the scheme - a fast rail passenger route with shuttle trains for vehicles - the 400-kilometre journey between London and Paris is expected to take about three hours 15 minutes.

### U.S. to request covert aid to Angolan rebels

WASHINGTON (Reuters). - The Reagan administration is expected to notify Congress this week of a decision to provide anti-communist Angolan rebels with \$15 million in covert military aid, according to Congressional sources.

They said the administration's request was likely to be made in closed hearings of the House and Senate intelligence committees, forestalling a full-scale Congressional battle over U.S. aid to the guerrilla group, the National Union for the Total Independence of Angola (Unita).

### Berlin exhibits art by refugees from Nazis

BERLIN (AP). - An exhibition of works by artists forced to flee from Nazi Germany has opened in Berlin, offering what organizers call a portrait of the "pain of exile."

Being shown are more than 500 paintings, photographs and architectural drafts by artists - mostly German and Austrian Jews - who sought refuge in Britain during World War II.

The exhibition, which will be shown later in London's Camden Arts Centre Gallery, marks the culmination of two years of research by volunteers who tracked down the works of many of the largely unknown artists throughout Europe.

### Swedes seek to ban violent pornography

STOCKHOLM (AP). - Hard-core pornography has gone beyond all limits of decency in liberal-minded Sweden, with scenes of violence and brutality towards women becoming more and more common, say officials who are seeking ways to ban it.

Responding to appeals from the public and women's organizations, the government has begun work on a constitutional revision that would outlaw such hard-core pornography.

### Sikh radicals, moderates clash in Golden Temple

CHANDIGARH, India (Reuters). - Radical and moderate Sikh youths clashed yesterday in their sect's holiest shrine, the Golden Temple in Amritsar. Police said that at least three people were injured in sporadic gunbattles.

The clashes, involving between 60 and 70 people, sent worshippers in the temple scrambling in panic.

The violence further fuelled tensions in the northern Indian state of Punjab, where a contentious survey was completed on Saturday to determine the fate of 54 disputed villages claimed by neighbouring Haryana State.

### Undersea volcano spews smoke above Pacific

TOKYO (AP). - Smoke rising to about 4,000 metres in the sky was sighted yesterday off Iwo Jima in the Pacific Ocean, apparently the result of an undersea volcanic eruption, the Maritime Self-Defence Force reported.

The site of the eruption was believed to be the Futokukanoba undersea volcano, about 50 kilometres south-southwest of Iwo Jima, which is 1,200 kms. south of Tokyo.

A central meteorological agency official said that if the smoke rose from the Futokukanoba submarine volcano, it was the first time in 72 years. He said a huge stream of yellow water - apparently the result of an undersea eruption - is observed frequently in the area.

## King's birthday a holiday, but 'dream' hasn't come true

WASHINGTON (AFP). - All is not racial harmony and equality in the U.S. despite President Reagan's declaration that today is a federal holiday to mark the birthday of black civil rights leader Martin Luther King, according to community leaders and black public opinion.

In a speech on Saturday announcing the holiday, Reagan praised the Nobel Peace Prize-winning pastor, but angered Representative William Gray (D-Pa.) by saying conditions for American Blacks had improved under his administration.

At the same time the ultra-right Ku Klux Klan demonstrated at Memphis, Tennessee - where Martin Luther King was assassinated on April 4, 1968 - against the holiday, which Reagan himself had originally opposed.

And a majority of U.S. blacks polled for ABC Television said they "think of Reagan as a racist."

King would have been 57 last Wednesday. The annual holiday, on the third Monday of January, is to be marked with speeches, exhibitions and concerts devoted to his memory. The highlight today will be a concert by blind black American pop singer Stevie Wonder.

In his speech the president praised King as "truly a prophetic voice" that reached out over the chasms of hostility, prejudice, ignorance.

"The majesty of his message, the dignity of his bearing, and the righteousness of his cause are a lasting legacy," said Reagan.

"Although Dr. King was an uncompromising champion of non-violence, he was often the victim of violence. And as we know, a shameful act of violence cut short his life before he had reached his 40th birthday," he said.

Reagan appealed earlier, in his weekly radio address, for "a truly colour-blind society" of "brotherhood, justice and harmony."

However, he angered some by saying that the conditions of black Americans had improved under his administration, especially in housing and employment.

The president also reiterated his opposition to all forms of equal opportunity laws in which racial minorities are guaranteed a quota of jobs.

Quotas, he said, could lead to a form of reverse racism and people should be hired according to their competence.

But he added: "We still have a long way to go" and "how blacks in America are doing is better than ever before, but not good enough."

Reagan's speech angered Gray, who said that fewer jobs were created in the first five years of the Reagan administration than in the previous government of Jimmy Carter.

"Thus black adult unemployment stands at 15.6 per cent today, when in 1978 it was 12.3 per cent," said Gray. In 1968, the year King was gunned down, 7 per cent of blacks were unemployed.

Today only 5.9 per cent of whites are without work.

"Black family median income is \$6 per cent of white family income," he added. In 1984 the gap between average black and white annual incomes was \$12,254, against \$10,879 in 1968, at 1984 rates.

"The facts are clear, Mr. President. Thirty-two per cent of black families lived in poverty in 1980. Today 42 per cent of black families live in poverty," Gray charged.

"King's dream of a non-racist America has also been denied by recent events in Philadelphia, where two black families living in white areas were the subject of racial abuse from white neighbours and one family had their home burned down."

At the Ku Klux Klan demonstration in Memphis, the protesters proclaimed themselves as the "saviours of America." Several ultra-conservative groups in the U.S. still consider King as a "communist."

## 7 miners killed near Jo'burg

JOHANNESBURG (AP). - Seven black miners were killed and 39 seriously injured early yesterday as rival factions fought with sticks and iron bars at Kloof Gold Mine west of Johannesburg, police reported.

South African police headquarters in Pretoria said fighting at the mine broke out after midnight among Zulu, Pondo and Shangaan miners. A police statement said four miners were wounded and arrested when police moved in with tear gas and shotguns. The fighting reportedly ended about dawn.

A mine spokesman said 2,000 miners out of a total of 13,000 came fighting after Pondo claimed that a group of Zulus attacked them at Pondo beer-halls.

Tribal fights, often blamed on dis-

putes over marriage, land and water, are traditional among the Zulus, South Africa's largest tribe, and their neighbours. Some analysts say the conflicts are exacerbated by unemployment and other factors related to apartheid.

In Maseru, the capital of Lesotho, government radio said four paramilitary soldiers were killed on Friday in a shootout at a barracks on the edge of the city. Residents said Maseru was calm yesterday after an apparent mutiny reflecting political divisions in the country.

Lesotho, a tiny mountain kingdom, is surrounded by South Africa. Unofficial accounts had put the death toll as high as 17. Government spokesmen had previously refused to confirm any deaths.

## Aquino's election rally cut short by two explosions

ZAMBOANGA CITY, Philippines (AP). - Two explosions that police said were caused by a grenade and a firecracker caused opposition presidential candidate Corazon Aquino to cut short an election rally of more than 30,000 people yesterday in this southern Philippine city.

Police said no one was injured. The first blast from the grenade occurred about two blocks from the Plaza Pershing where Aquino and her vice-presidential candidate, Salvador Laurel, were seated on a stage waiting for their turns to speak.

Hundreds of people at the fringes

of the crowd hurriedly left, but the main body of the throng stayed on as the city's vice-mayor, Susan de los Reyes, a member of the opposition, appealed for calm.

A second blast, about a block from the stage and described by police as caused by a firecracker, came 20 minutes later while Aquino was urging the people to guard their ballots so that the opposition would not be cheated in the February 7 election challenge against President Ferdinand Marcos.

Aquino cut short her speech and

local political leaders declared the rally ended.

Several people have died in grenade attacks on movie houses, bus terminals, a hotel and other public places in Zamboanga in recent years. The military invariably pinned blame on Moslem rebels fighting for Moslem rule on Mindanao Island, 800 kilometres south of Manila.

A few hours before the explosions, Marcos, campaigning on the central Philippine islands of Bohol and Negros, told crowds there that

his opponents were planning to fake an ambush of Aquino to gain voters' sympathy.

"I am telling you that now, so that when you hear about it, you will know that that is all foolishness... a mock drama they are putting up," Marcos said.

In Manila, Roman Catholic Cardinal Jaime Sin, in a pastoral letter read in churches in the capital, accused Marcos' party of spreading lies and "black propaganda" to discredit his opponent. The letter was written before Marcos made his latest charges.

## U.S. envoys briefed on anti-terror techniques

WASHINGTON (AFP). - U.S. ambassadors and diplomats are taking grim courses on how to defend themselves during a terrorist attack when they are on foreign assignment.

Margaret Heckler, a former secretary of state for health and human services who is about to go to Dublin as ambassador, commented wryly that it was a "sign of the times" that she had spent her first day at the State Department learning how to combat terrorism.

Heckler was one of a group of 50

diplomats - and their husbands and wives - given lessons by specialists on "how to fight violence abroad."

They were told how to avoid becoming a terrorist target, as well as what to do in the event of an attack or a kidnapping attempt.

This course was started by the department as long ago as 1976 and it has been regularly updated ever since.

Last August Congress voted \$35 million to be spent in the current fiscal year on boosting security for

America's 262 diplomatic embassies and diplomatic missions abroad.

Meanwhile, the State Department has urged the rebuilding and renovation of many of these embassies over the next five years at a cost of \$3.5 billion.

Former ambassador Alexis Johnson has pointed out that, in the past 20 years, 70 American diplomats, including six ambassadors, have been killed for political reasons.

Heckler said that the course had "opened her eyes" to terrorist dan-

gers. She was impressed by a documentary film showing how to drive a car through a terrorist road-block.

Arnie Campbell, the head of the anti-terrorist course, said: "We are not trying to form a paramilitary force - we are still diplomats."

The programme, which has been released to the press, comprises two secret classes on hostages and bombs, as well as a list of things to avoid.

The course is both banal and unusual. Put in locks and don't make yourself obvious, seems natural enough.

But then the diplomat is told: "If a petrol bomb is thrown into your car don't get out. Close the windows and drive off. Contrary to what you see on television, a petrol bomb cannot explode in a closed space."

Phyllis Habib, one of those running the course, pointed out: "In some cities, people might throw rocks or snakes into your car. You get out quickly and they become owners of a new car."

But not all U.S. diplomats support the course.

Carol Madison, who worked at the U.S. embassy in Beirut in 1983 and 1984, when it was twice bombed, said that the course was "counter-productive because it instils fear in diplomats... and shows techniques that only trained experts could handle."

Stevenson McIlvaine, political counsellor at the U.S. Embassy in Dar-es-Salaam, acknowledged that the course might be useful for a beginner abroad, but felt its lessons might well lead to a diplomat cutting himself off from the country he is in.

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## SPORTS

### The Masters

NEW YORK (AP). - Two of the hardest hitters in tennis - Wimbledon champion Boris Becker of West Germany and top-seeded Ivan Lendl of Czechoslovakia - fought off strong challenges on Saturday to advance to the finals of the Nabisco Masters Tennis Championships.

Becker outlasted Sweden's Anders Jarryd 6-3, 6-4, and Lendl, the reigning U.S. Open champion, stopped Ecuador's Andres Gomez 6-4, 7-5.

Lendl broke Gomez's service to begin the match, and when he held serve at love, beginning with the first of his 11 aces, and went on to lead 5-1, it appeared he would easily crush the Ecuadorian, a last-minute replacement when fourth-seeded Jimmy Connors was forced to withdraw because of illness.

But Gomez, a powerful left-hander with a small but vocal group of supporters cheering him on, matched Lendl thereafter stroke for stroke, power for power, slice for slice. He broke Lendl's service at love in the eighth game, when the Czech was serving for the opening set, and when he held his own serve at love, he had pulled up to 5-4.

Lendl then raced out to a 40-love lead, and, after dropping a point, closed out the set with a service winner.

But the battle had just begun. As a small band of Ecuadorians chanted "Gomez, Gomez" and rang a cowbell, the left-hander battled Lendl on even terms through the first 10 games, but, eventually, aided by Gomez's fifth double-fault of the match, Lendl finally broke service in the 11th game and served for the match. It was the longest game of the match, a 14-point battle with both players racing around the court making seemingly impossible retrievals. At 40-15, Lendl had double match point, but Gomez saved them both. Two deuces later, Lendl reached match point for a third time, and for a third time, Gomez rose to the challenge, winning a stirring exchange when Lendl's forehand drop volley was just wide.

Lendl double-faulted, giving Gomez the advantage, but then rattled his forehand deep into the corner that Gomez couldn't reach, bringing the game back to deuce.

His 10th ace gave Lendl his fourth match point. This time, finally, he closed out the 100-minute battle when Gomez missed the service return.

"He's hitting the ball really hard," Gomez said of Lendl. "His main weapon is that his serve is so big and that puts a lot of pressure on you when you serve."

Becker's victory was the deciding factor in his fourth straight triumph over Jarryd. The West German underdog hammered in 11 aces and service winners with many of them coming while Becker was trailing on his serve.

Jarryd, under constant pressure by the power-hitting Becker, was far less consistent with his normally steady groundstrokes, and it ended frequently with relatively easy shots.

### Renasant Aussies

PERTH (AP). - Australia defeated New Zealand by four wickets with 4.5 overs to spare in the World Series Cup Cricket match here yesterday. New Zealand scored 159 for 6, and Australia 161 for 6.

Shipper Allan Border and wicketkeeper Wayne Phillips were the architects of victory. Border won the Man-of-the-Match award for his top score of 58, while Phillips hammered Australia home with an unbeaten 28 from only 14 balls. Phillips hit three fours and two sixes, the last off Richard Hadlee to seal the win when Australia required only five runs for victory. For New Zealand, Jeff Crowe made 45. Australia now have 7 points from 5 games, India 4 from 4 games and New Zealand 3 from 5 games.

### Ready for the Scots

By PAUL KOHN  
TEL AVIV. - The national football squad will train today at the Ramat Gan stadium for a match against Scotland on January 28, when the Israelis hope to show how they would have earned a ticket to Mexico, if only they had won their qualifying World Cup section. The winners, Australia, succumbed to Scotland in the play-offs. The Israeli squad includes several new faces - Maccabi Haifa's Avi Ran, Eytan Aharoni and Rafi Osma, and Hapoel Tel Aviv's Nir Levin.

But the Hapoel Tel Aviv representatives will not turn out today, as they have been taken with the rest of the team, to Ein Gedi by the management of the club, for an infusion of club loyalty. Debuting today is a new member of the squad, the players' morale has been affected by the club's financial woes.

### Cross-country

By JACK LEON  
TEL AVIV. - Title-holder Doron Ziman and his Emek Hefer clubmate Shlomo Azulai were joint winners of Hapoel's weekend annual cross-country championships, both timing 37.25 in a neck-and-neck finish to the 12-km race at the Sharon Park, near Nahal Alexander. Ein Gedi's Tomer Ron, finished third, with 28.25, after leading for the first part of the testing course.

Perennial winner Mazal Shalom from Beersheba gained yet another women's title, getting home first in the 5-km race in 17.44. Second was Edna Linkari of Galil Elyon, who clocked 18.45.

More than 600 runners took part in the festive race, which also included various of competitive events for youth and adults. Many of the participants will be in action again on February 1 in the Israel Athletic Association's 25th annual cross-country championships, which are also taking place at the Sharon Park.

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## Peace Plan Or Ploy?

### An Offer From Gorbachev Enlivens the Arms Debate

By SERGE SCHMEMMANN

**P**RAISING his own sweeping proposal to eliminate all nuclear arms by the end of the century, Mikhail S. Gorbachev said last week that it was "a peace initiative of historic significance," while the Soviet press declared it "truly a milestone."

Maybe it was. But for many Western analysts and leaders, it was first of all a surprise. President Reagan received his copy only hours before the statement was read on Soviet television. Reporters in Moscow were told in advance only that Mr. Gorbachev would extend the moratorium on nuclear tests. But the Soviet leader also offered a timetable to rid the world of nuclear weapons by the year 2000, culminating in a universal accord against such arms. He extended for three months the unilateral Soviet ban on nuclear tests and proposed to accelerate negotiations on European security, chemical weapons and conventional forces.

The first Western reaction was a mixture of interest, cautious encouragement and irritation at the method of delivery — the surprise announcement and the play to public opinion. But all agreed that the statement was a tour de force. Into a single dramatic package, timed to the start of the "international year of peace" proclaimed by the United Nations and to a new session of the Geneva disarmament talks, Mr. Gorbachev blended propaganda, existing proposals and tantalizing hints of significant concessions.

He stuck to the central Soviet demand that Washington abandon its space-based defense program before progress on arms controls could be made, although he skirted the question of how much research could be permitted. Mr. Reagan has refused to budge on "Star Wars." Mr. Gorbachev also insisted that the United States must join the Soviet moratorium on testing. But his wording was sufficiently broad and ambiguous to deflect an outright rejection by Washington and to encourage exploration at the negotiating table.

Mr. Reagan's initial response showed cautious curiosity. The offer was different from anything he had heard from Soviet leaders, he said, adding: "It's just about the first time that anyone has ever proposed actually eliminating nuclear weapons. We're very grateful for the offer. We're studying it with great care." Last week's Soviet initiative drove home once again the new dynamism that Mr. Gorbachev has brought to the Soviet leadership. After years of unimaginative stonewalling during



"We're very grateful for the offer. It is different from the things that we have heard in the past."

Ronald Reagan



"The Soviet Union is proposing a step-by-step, and consistent process of ridding the earth of nuclear weapons."

Mikhail S. Gorbachev

the declining days of Leonid I. Brezhnev and the lieutenants who briefly replaced him, Yuri V. Andropov and Konstantin U. Chernenko, American officials have had to contend with an activist who plays the game with the panache of a statesman.

To be sure, the Kremlin has called for universal disarmament before, in grand declarations that usually turned out to be propaganda exercises. But this time, Mr. Gorbachev gave the idea new force by setting out a detailed timetable that seemed to be a serious approach to the great problem of the day. In doing so, he challenged Mr. Reagan's basic argument for pursuing his Strategic Defense Initiative: that a solid cosmic shield is the best route toward eliminating the threat of nuclear war. "Instead of wasting the next 10-15 years by developing new, extremely dangerous weapons in space, allegedly designed to make nuclear arms useless, would it not be more sensible to start eliminating those arms and finally bring them down to zero?" Mr. Gorbachev asked. "The Soviet Union proposes precisely that."

Though diplomats found the overall proposal utopian and propagandistic, they were intrigued by elements that seemed to signal significant changes in Soviet negotiating positions. Most interesting was a proposal to eliminate American and Soviet medium-range missiles in Europe during the first stage, without accounting for British and French missiles. In the past, the Russians have insisted on keeping enough SS-20's trained on Europe to take out these independent arsenals. Mr. Gorbachev's suggestion seemed to approach the "zero option" offered by Mr. Reagan at the now-defunct talks on medium-range missiles. Even though the Soviet leader still called for the elimination of the British and French missiles in a second stage.

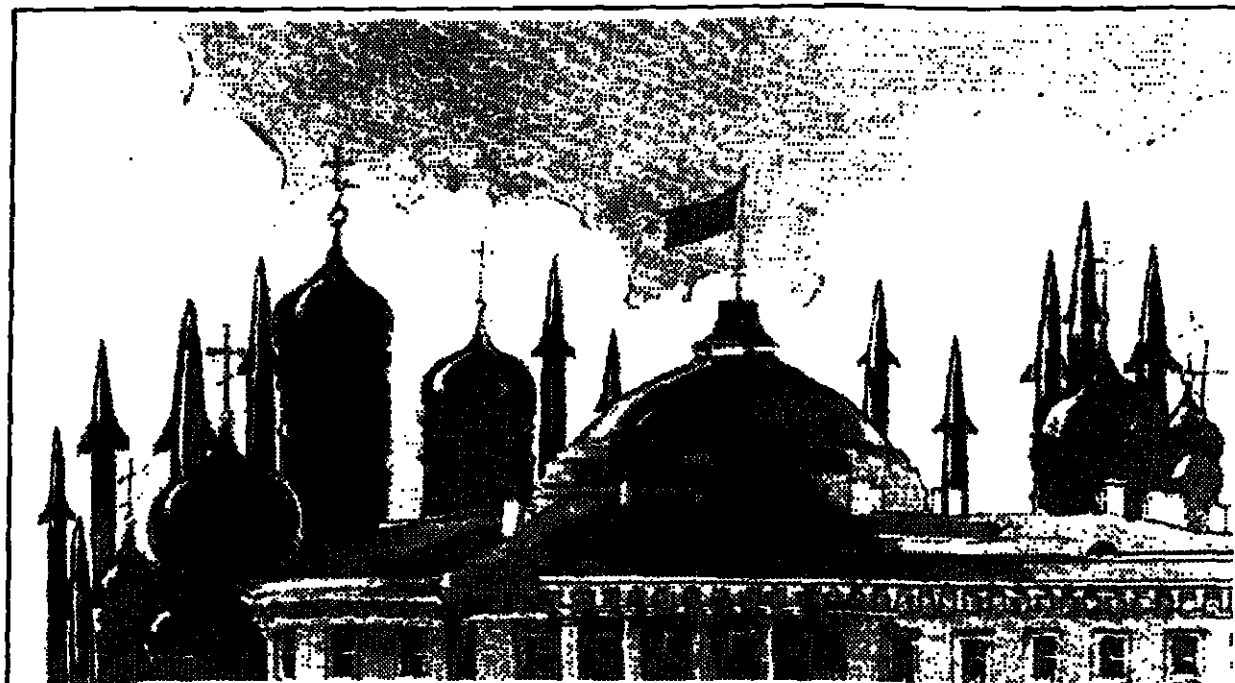
Diplomats also noted that Mr. Gorbachev seemed to bend over backward to appear forthcoming on the question of verifying agreements. Many an arms-control proposal has foundered on American dissatisfaction with the mechanisms for verifying compliance.

The dismantling of nuclear weapons, Mr. Gorbachev insisted, would be verified both "by national technical means" — usually taken to mean satellite surveillance — "and through on-site inspections." The method most often demanded by the Americans and resisted by the Russians. Furthermore, he said, "the U.S.S.R. is ready to reach agreement on any other additional verification measures." He was not specific, but diplomats said the comment at least signaled a readiness to explore the subject in negotiations. Mr. Gorbachev gave additional verification as-

surances in discussing a moratorium on nuclear explosions. And he suggested a new mechanism for keeping tabs on the numbers of troops in Europe, "permanent verification posts" to be set up at access points.

The demonstration of good will was not limited to nuclear arms. In discussing the talks on "mutual and balanced force reductions" in Europe, which have been bogged down for years, he seemed to give a favorable plug to the latest NATO proposal for both sides in Europe to make sharp reductions in their forces without waiting to agree on existing force totals. Without referring directly to the offer, Mr. Gorbachev said, "Today it would seem that a framework is emerging for a possible decision to reduce Soviet and U.S. troops, and subsequently freeze the level of armed forces of the opposing sides in central Europe."

Mr. Gorbachev even offered a compromise for the little-noted Stockholm conference on security-building measures in Europe. A stumbling block there has been Western resistance to Soviet calls for advance notification of military maneuvers on land, sea or air. The Western powers say the 1975 Helsinki pact calls only for notification on land. Mr. Gorbachev suggested he might drop



### The Kremlin Proposal

**1** The Soviet Union proposes that, over five to eight years, each side reduce by 50 percent the number of nuclear weapons that can reach the other's territory and renounce development, testing and deployment of space-based weapons. United States and Soviet medium-range missiles would be removed from Europe, and France and Britain would agree not to increase their nuclear arsenals. The Americans and Russians would agree to stop nuclear testing. Moscow extended its moratorium on nuclear tests for 90 days.

*The United States rejects curbs on space-based defense weapons. It suggests that the nuclear test moratorium is a Soviet ploy during a fallow period and says it must continue testing to develop new weapons, insure the reliability of existing ones and conduct research on nuclear components of the "Star Wars" program. United States is also wary of medium-range Soviet SS-20's remaining in Asia.*

**2** Starting in 1990, other countries would freeze their nuclear arsenals and agree not to deploy them outside their own borders. All countries would stop nuclear weapons tests. The United States and Soviet Union would continue reductions agreed on in the first stage, to a total of 6,000 missile warheads and bombs each capable of reaching each other's territory, and would eliminate remaining medium-range nuclear weapons. Tactical nuclear weapons with a range of less than 642 miles would also be eliminated.

*France, Britain and China, the other announced nuclear powers, have their own security concerns and agendas. Removing nuclear weapons in Europe would favor superior Soviet conventional forces.*

**3** Between 1995 and 2000, all remaining nuclear weapons would be eliminated, with "a universal accord that such weapons should never again come into being."

Drawings by Michael Ng

the demand for notification of sea maneuvers. Intriguing as they found the Soviet proposals, however, some Western officials were irritated that Mr. Gorbachev had launched them so abruptly in public, rather than at the diplomatic negotiating table. The tactic, they said, might place Western negotiators on the defensive, but it could also encourage the sort of public bickering and sparring that has marred past negotiations. "We think the nitty-gritty and the business of serious negotiation has to be done in private so that one side doesn't play against the other or use it for propaganda tactics," said Larry Speakes, the White House spokesman.

And the prospects for agreement on far-reaching arms control measures, which eventually must be ratified by the Senate, were inexorably bound up with the Soviet record in other spheres — the military occupation of Afghanistan, for example, and Soviet support, however indirect, for terrorist groups and their sponsors such as Libya's Col. Muammar el-Qaddafi.

It was at the negotiating table, "in private," that the overall scheme and its intriguing parts would be tested and explored. Yet it was hard to deny that the ball, in diplomatic parlance, was in Washington's court.

## Major News

### In Summary

#### Small Growths In Reagan's Colon Prove Benign

The White House announced yesterday that three "very small" growths doctors removed from President Reagan's colon during an extensive medical examination Friday had proved to be benign.

The examination, which lasted nearly six hours, was the most complete the President had undergone since surgery in July, when a cancerous growth was removed from his bowel.

The White House also said that during the checkup, conducted at the Bethesda Naval Hospital, near Washington, doctors had discovered a papule, or small growth, on the right side of the President's face. Tests of tissue taken from the growth did not detect any malignant cells, the White House said yesterday. Last year, several months after his bowel surgery, two malignant growths were removed from the skin of Mr. Reagan's nose.

The President's exam Friday, which was routinely scheduled after his July operation, included blood tests, X-rays and a CAT-scan. The White House said they "revealed no evidence" that the cancer discovered last year had spread before its removal.

Before Mr. Reagan's hospital

visit, the White House chief of staff, Donald T. Regan, said the President would not temporarily transfer executive power to Vice President Bush, as he did for nine hours during last summer's surgery. "We know from prior experience that these type of examinations go along in a normal fashion," Mr. Regan said.

#### The Wounding of Donald Manes

Nine days after Borough President Donald R. Manes of Queens was found at the wheel of his car, dazed and bleeding profusely, the central questions in the bizarre episode — how was Mr. Manes injured, by whom and why? — remain unanswered.

Mr. Manes had recuperated sufficiently from the knife wounds that almost took his life to allow investigators to question him briefly Monday and Tuesday. But his story — that after leaving his Borough Hall office on the evening of Jan. 9 he had been abducted by two men hidden in the back seat of his car, ordered to drive around Queens and ultimately slashed, although he could neither identify his abductors nor explain the wounds — merely fueled the controversy.

In fact, the Chief of Detectives, Richard T. Nicastro, was so unsatisfied with Mr. Manes's account that



The New York Times/Barron Silverman  
Richard T. Nicastro, Chief of Detectives, discussing Donald R. Manes case at news conference last week.

#### Goetz Wins One Round

The scales of justice tipped in favor of Bernhard J. Goetz last week. A State Supreme Court justice dismissed the major charges against the man who became a symbol for many when he shot and seriously wounded four youths on a Manhattan subway train 13 months ago.

In dismissing murder and assault charges, Justice Stephen G. Crane reasoned that Mr. Goetz's perception of danger should be the central issue in deciding whether his use of force was justified. The Manhattan District Attorney, Robert M. Morgenthau, said he would appeal.

Justice Crane ruled that the grand jury — the second to hear the case — had been improperly instructed. He also said two of the youths may have lied when they testified that, although they had asked Mr. Goetz for money, they had not intended to rob him.

The youths did not testify before the first grand jury, which indicted the 38-year-old Mr. Goetz only on weapons-possession charges. The second panel, after hearing from two of the youths, handed down charges of attempted murder, assault and reckless endangerment. The justice said the youths' testimony appeared to have made the difference between the two indictments.

For his part, Mr. Morgenthau objected to Justice Crane's interpretation of the state's murky self-defense law. "A subjective standard justifies any use of deadly physical force, even under circumstances which almost everyone in the community would think inappropriate," he said. "We do not believe this code of the Old West is appropriate in New York City in 1986."



United Press International  
Guests surrounding bust of the Rev. Dr. Martin Luther King Jr. that was unveiled in United States Capitol last week in one of many tributes to the civil rights leader, who was killed in 1968. Tomorrow is the first national holiday in honor of Dr. King, whose 57th birthday was last Wednesday.

# The World

## In South Africa's Tightening Grip, Lesotho Gasp

Lesotho, a small country surrounded by South Africa, has learned to duck when it offends its big neighbor. Last week, residents of Maseru, Lesotho's capital, were short of gasoline, food and medical supplies that had been delayed by a South African slowdown. And in what Lesotho officials said was an attack of jitters but which may well have reflected profound divisions in the nation's hierarchy, hundreds of heavily armed soldiers temporarily surrounded the offices of the Prime Minister, Chief Leabua Jonathan. "There is a morbid fear of the South African defense forces," said Lesotho's Information Minister. He denied that there had been a coup attempt.

South Africa says the slowdown is a security measure. It started Jan. 1, after the United Nations Security Council condemned South Africa for an attack in Maseru in which nine people, including six members of the African National Congress, were killed. Pretoria denied responsibility for the raid but it has been seeking ways to strike at anti-Government guerrillas who have killed 13 whites in recent weeks.

Chief Jonathan, who has been Prime Minister for 20 years, has resisted demands to expel members of the African National Congress, which Pretoria has outlawed. South Africa, where many of Lesotho's adult males work as miners, supports militarized opponents of the Chief. Yesterday, South African radio said 17 men had been killed in a clash between his enemies and defenders near Maseru.

In another development, South Africa's Prime Minister, P.W. Botha, met last week with Assistant Secretary of State Chester A. Crocker, who has been urging South Africa to respect the sovereignty of its neighbors. Mr. Crocker also visited two segregated townships, evidently to show Reagan Administration even-

handedness in trying to persuade South Africa to ease racial restrictions. But the visit was marred by the murder of a black activist a few hours before he was to meet Mr. Crocker. Relatives said the victim had been killed by pro-Government vigilantes who are also black.

## Arbitration for A Red Sea Strand

It seems an unlikely trouble spot — 700 yards of beach with a five-star hotel — but for several years the Red Sea resort of Taba has come between Israel and Egypt diplomatically as well as geographically. When it evacuated the Sinai in 1982, Israel gave back everything but Taba, asserting that it had unearthed turn-of-

the-century British maps placing the town in Palestine, its forerunner. Egypt disagreed, basing its claim on later British markings.

Last week, after a heated all-night debate that included several tense evening time-outs, the Israeli Cabinet agreed to submit the dispute to international arbitration, provided Egypt returns its ambassador to Tel Aviv and agrees to a thaw in relations. "From here on we will progress quickly," Prime Minister Shimon Peres was quoted as having told the Egyptian President, Hosni Mubarak, on the phone. The initial response from Egypt was said to be more cautious.

Israeli officials hope the case will serve as a model for resolving other disputes with Cairo, and that closer ties with Egypt might open the door to negotiations with Jordan. But Taba's fate is not likely to be resolved overnight. Even if Cairo accepts the offer, arbitration will wait the end of an eight-month negotiation period spelled out in the Camp David accords and insisted upon by Mr. Peres's rivals in the Cabinet. For now, Israel will have to content itself with the news last week that Spain, which was the only Western European country not formally recognizing it, has now established diplomatic relations.

Richard Levine  
and Milt Freudenheim

## Global Effort Against Smoking

GENEVA — A million people die prematurely each year from tobacco-related diseases, according to the World Health Organization. So last week the United Nations agency declared in the strongest possible terms that smoking is dangerous to the planet's health and that something must be done about it.

"The extent of the problem is such that, of 1,000 young male adults in England and Wales who smoke cigarettes, on an average 1 will be murdered, 6 will be killed on the roads and 250 will die prematurely of tobacco-related diseases," the organization's medical experts said, citing a new British report.

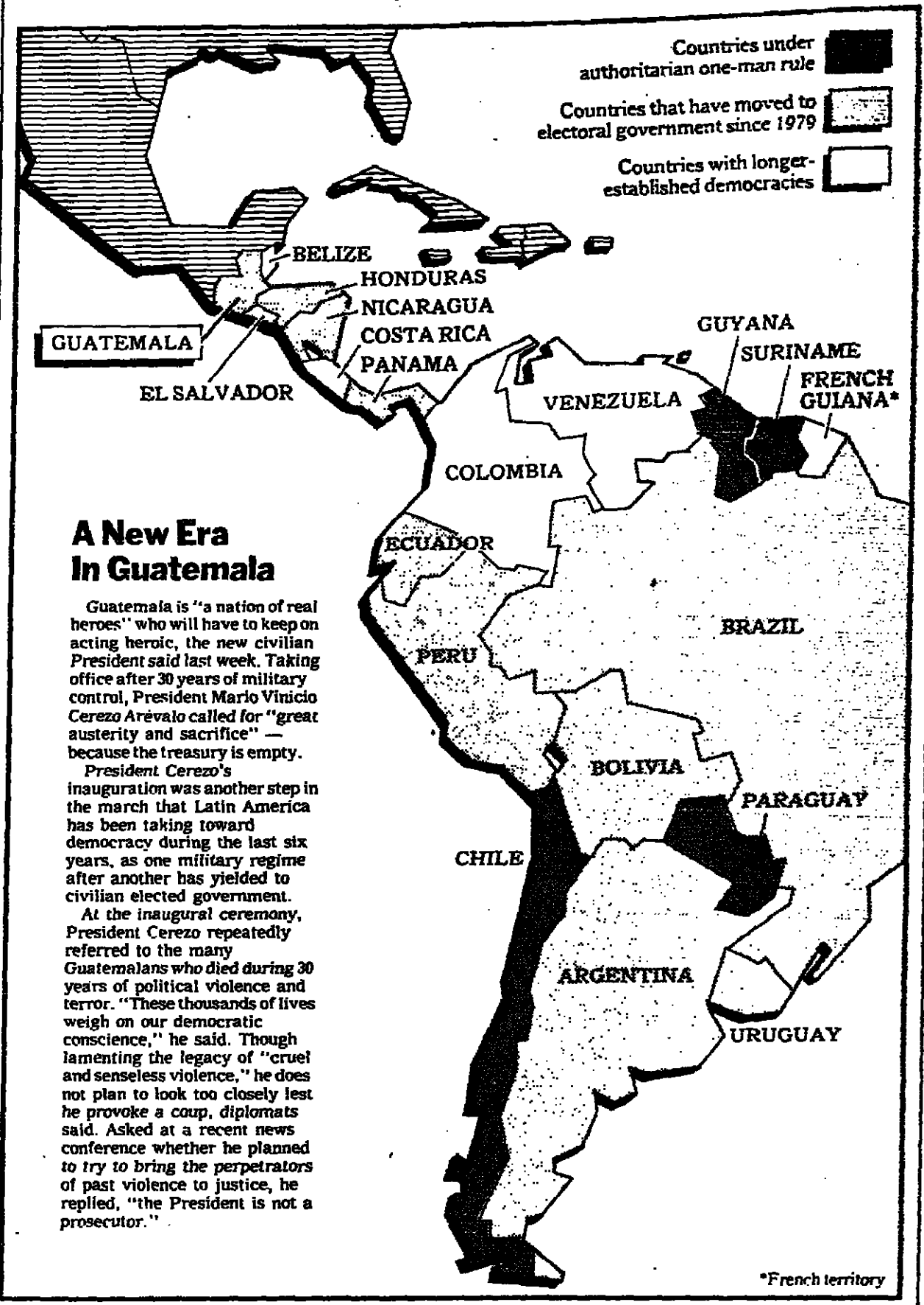
In the United States, per capita annual cigarette consumption, which skyrocketed from 610 in 1920 to 3,850 in 1973, is down to 1,678. But the increase in smoking in the third world shows

no sign of abating. "When we talk about adult smokers in the developed countries, we see a decrease," says Dr. Roberto Masironi, head of the organization's smoking and health program. "But the increasing population worldwide and the habits of new generations of smokers change that picture."

In its appeal to member nations, W.H.O. criticized the promotion of tobacco — an indirect attack on advertising — and asked other United Nations agencies to seek economic alternatives to tobacco production in the third world. "There are so many things to do to fight smoking. It is difficult to list specifics," Dr. Masironi said. "We will continue to press for legislation, intensify our information campaigns, prepare educational material like films and booklets, promote research and intensify conferences and workshops."

—THOMAS W. NETTER

## Democracy in Various Degrees



## A New Era In Guatemala

Guatemala is "a nation of real heroes" who will have to keep on acting heroic, the new civilian President said last week. Taking office after 30 years of military control, President Mario Vinicio Cerezo Arévalo called for "great austerity and sacrifice" — because the treasury is empty.

President Cerezo's inauguration was another step in the march that Latin America has been taking toward democracy during the last six years, as one military regime after another has yielded to civilian elected government.

At the inaugural ceremony, President Cerezo repeatedly referred to the many Guatemalans who died during 30 years of political violence and terror. "These thousands of lives weigh on our democratic conscience," he said. Though lamenting the legacy of "cruel and senseless violence," he does not plan to look too closely lest he provoke a coup, diplomats said. Asked at a recent news conference whether he planned to try to bring the perpetrators of past violence to justice, he replied, "The President is not a prosecutor."

## The Westland Case Stirs Tory Politics



Sigma: Stuart Franklin (Thatcher), Special Features: Sipa: Jason Fraser (Heseltine), Gamma-Liaison: Kathy Arkell: Spomer (Britannia) Prime Minister Margaret Thatcher, former Defense Secretary Michael Heseltine (inset, top), and Trade and Industries Secretary Leon Brittan.

## Thatcher Seems the Heavy In Downing Street Drama

By JOSEPH LELYVELD

LONDON — "I have lived through this," boasted a Prime Minister not displeased to be known as the "Iron Lady" a day after a senior member of her Government stalked out of 10 Downing Street, scattering in his wake accusations of mismanagement and duplicity. "I know every single document," she said, "every single phrase, every single nuance."

What Margaret Thatcher was describing was the kind of command and control of bureaucracy and complex issues that have made her the dominant force in British politics since she came to power more than six years ago. But for once, with the departure of Defense Secretary Michael Heseltine over an array of dial-a-grievance issues touching on the future of an insolvent helicopter company, the American high-tech challenge to European defense industries and his own frustrations as a Cabinet minister, Mrs. Thatcher seemed to have lost, or at least misplaced, her firm grip.

Undoubtedly the political storm churned up by Mr. Heseltine did more damage to her Conserva-

tive Government than anything the combined opposition had managed since the 1983 election. No one could clearly state what the core issue was, but when one-word summings-up were offered, they were "Thatcher" or "Thatcherism." A Gallup poll taken as the bizarre controversy peaked found nearly two-thirds of British voters dissatisfied with Mrs. Thatcher's performance as Prime Minister and the governing Tories running a poor third behind the Social Democratic-Liberal alliance and the Labor Party.

The furor had an origin that seemed curiously out of context: losses by the Westland helicopter company amounting to \$103 million. At different times, the Government made various decisions about the company; that it should collaborate with other European manufacturers to maintain the capacity to design and build European helicopters; that, whatever it did, Government funds would not be used to rescue it, and that a Government that was not forking up had no choice but to leave the company's future to its shareholders.

Mrs. Thatcher was slow to see that these premises did not mesh and that her flamboyant Defense Secretary was orchestrating a "European solution," while she was encouraging the West-

land board in the name of noninterference to strike a deal with an American-led consortium headed by the Sikorsky division of United Technologies. On this shaky basis, a debate was soon raging over a symbolic choice between "Europe" and "America" even though Sikorsky had a respectable European ally in Fiat and Westland was not to be taken over by the rival consortiums, only bailed out.

The technology issue — how to be competitive with the United States and Japan — is vital for Britain and Europe. Mrs. Thatcher knows she is committed to collaboration with Europe on high-tech projects, but it is not something she believes in deeply, the way she believes in keeping the state out of the private sector or holding down public expenditures. Nor is she inclined to see collaboration with American technology as menacing to the "enterprise culture" that is the stuff of her dreams. Witness her readiness to involve British companies and scientists in the research effort on President Reagan's Strategic Defense Initiative.

Michael Heseltine, as Defense Secretary, was made to sign the "Star Wars" agreement even though he resisted it in Cabinet discussions. There was speculation that some of the passion behind his objections to the latest American link derived from that fact. In any case, once the two strongest and most stubborn politicians in the Cabinet were on opposing sides of the comparatively infinitesimal Westland question, it took on a high explosive charge in Tory politics. A minor policy issue became a major personality clash, spilling over into Parliament and a raging debate in the national press that, in less than a week after Mr. Heseltine's resignation, had the pro-Thatcher Daily Mail warning the Prime Minister that she was a step away from being overthrown by "that most toxic of all political substances — ridicule."

As an expression of a political culture that thrives on the display of parliamentary debate and scathing newspaper polemics, the easing of the storm was as mysterious and fascinating as its start. When the House of Commons gathered for the high drama of a full-scale debate on Wednesday afternoon, some Tories were betting that Leon Brittan, an eager-to-please Cabinet minister who had the misfortune to have to stand up to the wrathful Mr. Heseltine over Westland, would be forced into a humiliating resignation.

He had been accused of misleading the House, a cardinal parliamentary sin. At issue was his conversation with a retired admiral who serves as chief executive of British Aerospace, a company involved in the consortium Mr. Heseltine backed. The Admiral's notes on the conversation seemed to suggest that, far from practicing noninterference, the Minister was threatening his company's Government contracts.

But then the opposition, as if feeling a twinge of sympathy for a fellow politician, eased its pressure on Mr. Brittan. The Admiral, less than 24 hours after offering to testify before a select committee, was exchanging assuaging letters with the Minister on their "misunderstanding." For Mrs. Thatcher and the Tories it might almost have been over, except that the shareholders then voted down the Sikorsky bid, enabling Mr. Heseltine to claim a moral victory.

The accusation has been that Mrs. Thatcher is domineering, but the impression now is that she is failing to get her way. In other words, she has been diminished for a time, but only the most hostile or wishful of her critics were daring to suggest that she might not be around to lead her party into the next election, probably less than two years away.

## Protestants Feel Betrayed

## Northern Ireland's Ballot-Box Battle

By JO THOMAS

LONDON — "Ulster Says No," reads the huge banner on Belfast City Hall. This week, tens of thousands of Protestants in Northern Ireland are expected to second that verdict on the agreement giving the Irish Government a say in their affairs.

Thursday's parliamentary by-elections were forced by the resignation of all 15 unionist Members of Parliament after the agreement was reached in November. Despite Prime Minister Margaret Thatcher's personal reassurances, they see the Anglo-Irish accord as the first step toward being either forced or seduced into a united Ireland. "For Ulster Protestants, all was changed utterly on 15 November 1985," the historian A. T. Q. Stewart of Queen's University, Belfast, has written, paraphrasing Yeats. "A terrible, unwished-for duty was born."

Just what that "duty" will entail is the cause of considerable anxiety. So far, Protestant reaction has been more or less as predicted, although not hoped for, by both London and Dublin. The rallies, marches and electoral campaign have covered familiar territory. But no one seems to know what will happen next.

The unionists, commanding the support of Northern Ireland's Protestant majority, expect a big win Thursday. Viewing the election as a referendum, they say a victory would be a public rejection of the Anglo-Irish agreement, which sets up an Intergovernmental Conference in which the Dublin Government will have a consultative voice on a broad range of policy matters in the six counties of Northern Ireland. They have warned the Prime Minister not to defy "the will of the people." Unionists have defeated such initiatives in the past, most notably the Sunningdale Agreement of 1974, which included a Council of Ireland as well as power-sharing with Catholics.

But Mrs. Thatcher, once admired by the same unionists as "a lady not for turning," has made it clear that the outcome of the elections will not be allowed to derail the agreement, which was approved in Parliament by an overwhelming majority. Last week, the highest-ranking British official in the province, the Northern Ireland Secretary, Tom King, reiterated the Prime Minister's views. "Parliament is sovereign," he said. "There is no way in any part of the

United Kingdom a number of by-elections can overturn the will of Parliament."

The unionists, who take pride in their Britishness, feel mortally betrayed, isolated outside the consensus in Britain. "Mrs. Thatcher has in effect deprived them of their homeland, or at least the right to have any say in how it is to be governed," concluded Professor Stewart.

The "stege mentality" of Northern Ireland's Protestants, who are a majority in their six counties but a minority on the island as a whole, has for years been informed by the hope that London will back them up and the suspicion that it will not. The unionists have argued that the way in which the Anglo-Irish agreement was reached was unfair. They were not consulted, they say, while the nationalist Social Democratic and Labor Party was kept abreast of developments by the negotiators in Dublin. The unionists also see the Anglo-Irish Conference, headed by Mr. King and the Irish Foreign Minister, Peter Barry, as a body in which the nationalists will have far more input than they.

Publicly, British officials say it was the unionists who boycotted them during the Anglo-Irish talks. Privately, they say they would like to see John Hume, the leader of the Social Democratic and Labor Party, make some gesture toward the unionists, such as agreeing to go into the Northern Ireland Assembly, which his party is now boycotting.

There have been dire predictions about what the unionists may do if London refuses to back down. Some have talked about a unilateral declaration of independence. Others are concerned about violence from Protestant paramilitaries, who though recruiting have indicated that they will wait for democratic processes to be exhausted before acting. There are fears of attacks in Dublin and in Northern Ireland on unarmed Catholics or even on British troops, although this is not considered very likely.

A poll conducted between Jan. 2 and 9 by The Belfast Telegraph, based on 2,004 interviews — it had a 5 percent margin of error — showed that 84.7 percent of Protestants and 93.7 percent of Catholics said they would not support violence. In fact, although 55.7 percent of the Protestants said they objected to Dublin's being consulted about Northern Ireland, 53 percent would not support even nonviolent action against the agreement.



## Mideast Maneuverings: Can the U.S. Cover All the Bases?

## Storm Warnings From the Gulf to Gibraltar

By BERNARD GWERTZMAN

WASHINGTON — THE Middle East volcano was rumbling again last week, spreading violence and new problems from the Gulf of Oman to the Mediterranean. The repercussions were felt throughout the region, in Western Europe and in Washington and Moscow.

• In the Gulf of Oman, an American merchant ship was stopped and searched by Iranians looking for war goods bound for Iraq. The episode produced no injury or loss of property, but it embarrassed the Reagan Administration, which said it was considering providing Navy escorts to prevent a recurrence. This could risk a clash with Iran, and the Navy, which has only a few ships near at hand, might not be able to escort every merchantman.

• Across the Arabian Peninsula, Aden, the capital of Soviet-backed Southern Yemen, was engulfed in smoke during heavy fighting after a coup attempt that divided its armed forces. As the battle spread, the leaders seemed to be split by both ideology and tribe. Hundreds of Soviet advisers and other foreigners were evacuated.

• In Lebanon, a cease-fire plan worked out after weeks of discussion by Moslems, Druses and Christians, under Syrian supervision, broke down when President Amin Gemayel's Christian forces refused to go along. After a clash among Christians in which at least 300 people were killed, heavy fighting with tanks and artillery erupted between Christians and Moslems.

• In Libya, Col. Muammar el-Qaddafi, agitated by the attention generated by his clash with the United States over terrorism, said he would provide training for "suicide and terrorist missions" and make Libya "a base for the liberation of Palestine." He also expressed concern about a possible American military attack. Two Libyan MIG-25 jets buzzed a Navy surveillance plane over the Mediterranean.

## Resources and Political Will

The United States moved a second naval group headed by the carrier Saratoga into the Mediterranean, to join the Coral Sea. Soviet warships were also deployed in the Mediterranean to monitor American and Israeli movements. But for the moment at least, the United States invoked only economic sanctions against Libya, in line with President Reagan's reluctance to hit targets that could not be clearly linked to terrorist acts. The United States has accused Libya of supporting the Abu Nidal group, which is held responsible for the airport attacks last month at Rome and Vienna.

Secretary of State George P. Shultz, who has been urging the use of force against terrorists, maintained that the United States "cannot wait for absolute certainty and clarity" before striking back. But Defense Secretary Casper W. Weinberger criticized those who seek "instant gratification from some kind of bombing attack without being too worried about the details." Mr. Shultz seemed to be making a case for a military reprisal if new terrorism was traced to Libya. The Shultz-Weinberger contretemps diverted attention from whether the United States has the resources and political will to deal with Libya and Iran if a serious conflict develops.

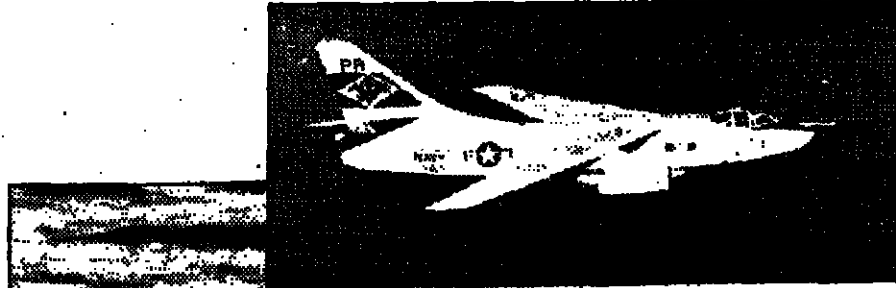
For policy makers, there were no easy solutions last week, but there was much movement. The Deputy Secretary of State, John S. Whitehead, went to Canada and Western Europe to urge a show of solidarity. The allies have declined to join in a full range of economic sanctions, but Washington still hoped they would slow their trade with Libya. Italy said yesterday it would now require visas for travelers on North African passports. We have done what we think is right under the circumstances, Mr. Shultz said in explaining Mr. Whitehead's purpose, "and we haven't done it in a manner that tries to force our policies on others. But certainly we want to persuade and we want to raise the consciousness of people," he added. Mr. Whitehead is "not trying to twist arms and chalk up a scorecard, but rather to discuss in a real way what is going on, and not only what we should do about it but what they should do about it," Mr. Shultz said.

## Obstacles to Peacemaking

In addition, Assistant Secretary of State Richard W. Murphy was to depart for the Middle East this weekend to assess the interest in reviving peace efforts. Time was clearly running out. Prime Minister Shimon Peres of Israel, whose Labor Party is more flexible toward negotiations with Jordan than Foreign Minister Yitzhak Shamir's Likud bloc, is to trade jobs with Mr. Shamir in the fall. Barring a breakthrough by then, the peace effort seemed likely to die. King Hussein of Jordan, whose initiative last year spurred interest here and in Israel, has lately seemed to lose heart. His alliance with Yasser Arafat, who heads the main wing of the Palestine Liberation Organization, appeared to be in tatters, and the King has moved closer to Syria, whose Government despises Mr. Arafat. Mr. Murphy wants to find out whether the new warmth between Syria and Jordan will help or hinder peace efforts.

The United States has been examining the chances for talks between Israel and a joint Jordan-Palestinian group under the umbrella of an international conference. The idea was first put forth by King Hussein. The precise format and the choice of Palestinians to be invited pose problems. Israel has said it will not attend such a meeting with the Russians unless Moscow restores the diplomatic ties severed in 1967.

Whether the Soviet Union would ease relations with Israel was a matter for speculation. Some Soviet diplomats have suggested that such moves might occur at the time of next month's Communist Party Congress in Moscow, but official Soviet statements have denied that any change is in the wind. With Colonel Qaddafi orchestrating a chorus of anti-American and anti-Israeli statements in Arab capitals, and with the distractions elsewhere, notably in South Yemen and Lebanon, Moscow may indeed decide that the time is not right for reconciliation with Israel.



A Navy EA-3 surveillance plane, the type of craft intercepted by Libyan jets last week.



Iranian sailors, above, approaching the President Taylor, an American merchant ship, in the Gulf of Oman last week, and right, Navy jets about the aircraft carrier Saratoga.



John Marshall, Chief Justice from 1801 to 1835.

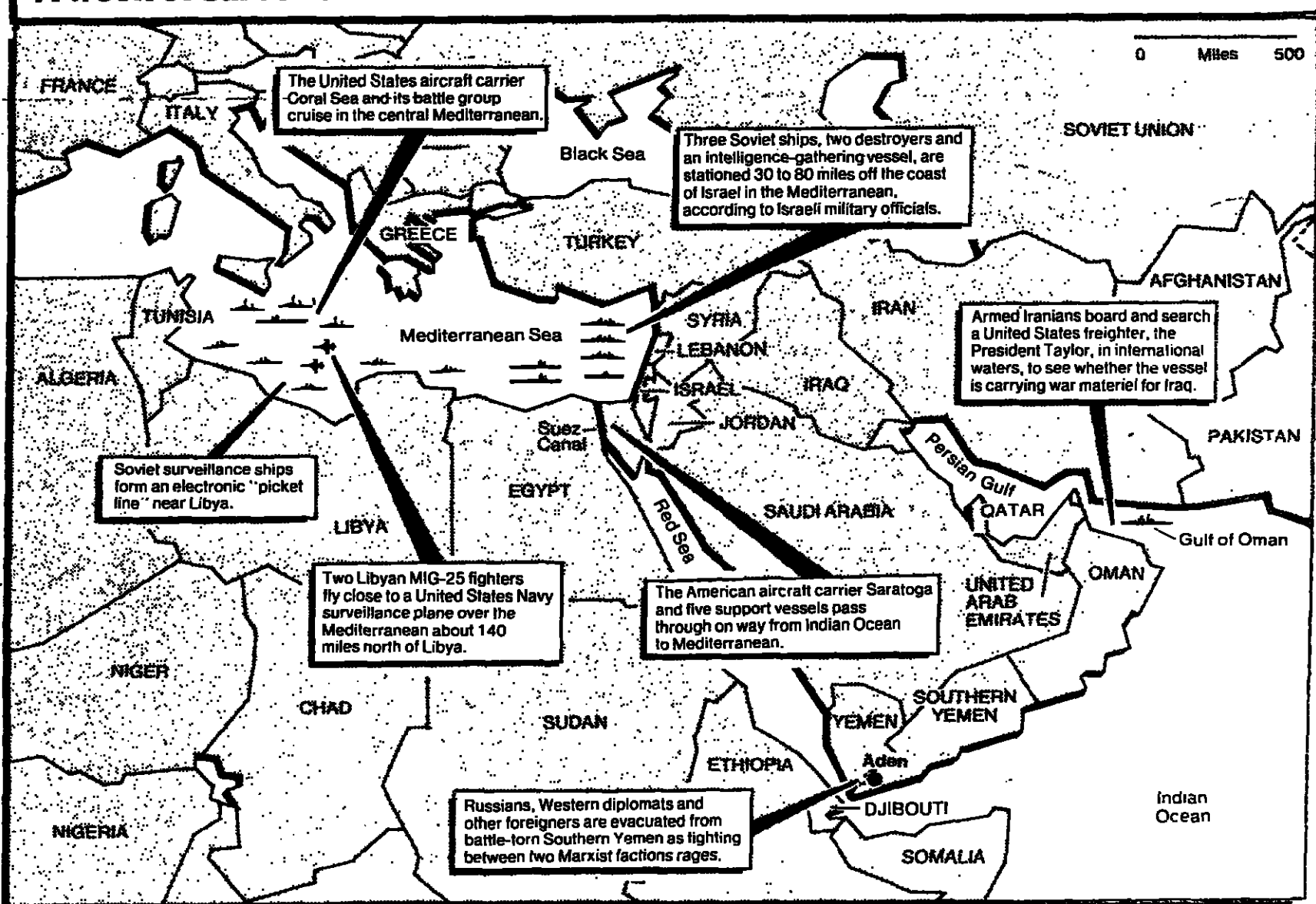
## This Time, Iran Can Cite Chapter and Verse

WHEN Iranians boarded an American merchant ship last week in search of weapons bound for Iraq, the Reagan Administration conceded that Iran was largely within its legal rights. Although the United States fought the War of 1812 over Britain's gross interference with neutrals during the Napoleonic wars—including commandeering American ships—Washington has long recognized that international law permits belligerents, within reason, to search neutral ships. "Belligerents have a full and perfect right to capture enemy goods and articles going to their enemy which are contraband of war," Chief Justice John Marshall wrote in an 1815 case involving neutral cargo seized from a British ship by an American privateer. "To the exercise of that right the right of search is essential." Such opinions form part of international law.

The law is much the same now, State Department and academic experts say. But they also say the United States and other neutrals could legally certify to Iran that no contraband was aboard their ships, then refuse permission to board and back the refusal with naval force, as France has done. If Iran insisted on boarding despite a neutral's refusal, and hostilities ensued, who would be the outlaw? Iran, a Government lawyer said. But Thomas J. Campbell, a Stanford University expert, said the answer could be neither. "It's not good," he said. "It's called war."

—STUART TAYLOR Jr.

## A week of surveillance and confrontation



## Remorse and Reflection on the Holocaust

## Poland's Absent Jews Grow Conspicuous

By MICHAEL T. KAUFMAN

WARSAW — The Polish Government has bought "Shoah," the unflinching and lengthy documentary of the Holocaust, and is showing it in movie theaters. A photographic exhibit about remnants of Jewish life in Poland drew 10,000 visitors, almost twice the number of Jews left in this country. Discussions of Jewish themes and debates about anti-Semitism have been an almost daily feature the last few months in the Polish press. Programs about the Nazi persecution have been televised. Indeed, a book about the Nazi persecution of more than 200,000 Jews in Poland has been published. The Polish Government has agreed to protect Jewish cemeteries and mark old synagogues and is setting up consular links with Israel.

With only 6,000 mostly elderly people here identify themselves as Jews, Polish anti-Semitism has ceased to be a social or political problem. Nonetheless, it remains a remarkably persistent historical issue. Representatives of all political groups often appear to be haunted by the ghosts of Polish Jews, who before the Nazis made up the world's largest Jewish community.

To a great degree, it was "Shoah" that spurred the recent examination of anti-Semitism. When it opened in Paris, the Polish Government formally complained that the film stained the national honor by including scenes in which contemporary rural churchgoers recalled prewar Jews in terms of racist stereotypes, implicitly linking Polish anti-Semitism with the genocidal practices of the Germans. The Poles pointed out that, while the French Petainists collaborated with the Nazis at the highest level, the Poles resisted throughout the war. They also complained that the filmmaker, Claude Lanzmann, ignored Polish heroes who risked their lives by helping and hiding Jews and did not show that the death camps' greatest victims after the Jews were Polish non-Jews.

The indignation aroused by reports of the film was perhaps the only emotion of recent years shared by supporters of the Government and Solidarity and those in Church circles. But after a segment of the film was shown on television, outrage gave way to a desire to examine a period defined by countervailing emotions. There are Jews here who tell of being hidden for years and saved by heroic Poles who nonetheless habitually

used anti-Semitic expressions. There were units of Polish resistance who, while fighting Nazi occupiers, would not accept Jewish volunteers, and underground Polish papers that, while committed to the struggle for liberation, envisioned a Poland free of Jews.

Prewar attitudes were no less complicated. On one hand, Jewish culture thrived in Poland for 800 years, as it did nowhere else, to some extent in symbiosis with Catholic Poland. Yiddish, Hebrew, Hasidism and Zionism were all developed in Poland. Largely because Poland was weak and could not, like Spain or England, deport them, Jews reached a critical mass, defining to a large extent the city life of a country dominated by a rural nobility. On the other hand, an often clerically sponsored anti-Semitism took root.

Long after the Jews had virtually disappeared, demagogic anti-Semitic refrains were at times raised by groups in Government, in the church and in Solidarity. But now, in the wake of "Shoah," attitudes on the Holocaust seem to be changing. Perhaps most important is the way Jewish suffering is described: for the first time, it is conceded in the official and Catholic press that Jews

were the first target of Hitler's policies and that, with the systematic killing of Jewish children and families, their experience differed qualitatively from the still-awful agony of the Poles. There is also a sense of nostalgia for a Poland with Jews. This is particularly strong in Solidarity and Catholic circles, where some writers have pointed out that a sizable Jewish minority, with its strong culture, was linked, at least in terms of the national imagination, with the sort of democratic diversity that fueled the hopes of the outlawed union's millions.

The interest of the Government in pursuing Jewish issues is not entirely clear. Recently, top officials of the World Jewish Congress said after meeting with Gen. Wojciech Jaruzelski that they thought the Polish leader believed Jewish opinion in the United States could be channeled to oppose the Reagan Administration's sanctions against Poland. Such views were dismissed by Maj. Wieslaw Gornicki, a top adviser for General Jaruzelski, who, when the anti-Semitic purges of 1968 began, was a correspondent for the Polish News Agency in New York. Major Gornicki wrote a public letter to his editors then saying that civilized governments did not behave in such a manner. As a result, he was brought home and inducted into the Army as punishment. "We have no hope of being saved by Jews," he says now. "What we are doing, I think, is atoning in some measure for the expulsion of Jews in 1968, which was shameful."



# The Nation

## Two Churches vs. The State In Sanctuary Case

Should the Government be allowed to infiltrate a church during a criminal investigation? That question is at the heart of a growing debate over the prosecution of members of the sanctuary movement, which transports Central American refugees into the United States and shelters them in churches and homes.

The conflict came to a head last week when the American Lutheran Church and the Presbyterian Church (U.S.A.) filed suit in Federal District Court in Phoenix, accusing the Government of violating the constitutional guarantees of religious freedom; protection against unreasonable search and seizure, and due process of law.

The accusations grow out of a 1984 investigation in Arizona during which Federal agents and informers posing as volunteers secretly recorded church services as well as meetings that included discussions of plans to smuggle refugees, who the sanctuary activists say are fleeing political repression.

As a result of the investigation, 11 people, including two Roman Catho-



The Rev. James E. Andrews speaking in Phoenix, Ariz., last week.

lic priests, a nun and a Protestant minister, are on trial, charged with conspiracy and transporting and harboring illegal aliens.

Although religious groups have no right to act "above the law," the Presbyterian and Lutheran leaders said, the Government's tactics were ominous. "The relationship between church and state has been threatened," said the Rev. James E. Andrews of the Presbyterian Church. "All American religious groups have a stake in this matter."

The Government argues that this is an ordinary alien-smuggling case with no church-state overtones and that most Central American refugees are coming to the United States for economic, not political, reasons.

## A Little Help For G.M. and Ford

Ignoring the complaints of consumer groups and the Chrysler Corporation, the Department of Transportation said last week that it would propose retaining for an additional two years the lower fuel-economy standards it granted General Motors and Ford last summer.

Diane Steed, who heads the National Highway Traffic Safety Administration, said the fuel-economy requirements for 1987 and 1988 cars — set by legislation enacted in 1975, when memories of gasoline lines were still fresh — appeared to be too tough. Accordingly, she said, her agency will seek public comment on lowering the standards from 27.5 miles a gallon to some level perhaps as low as 26 miles a gallon.

Several consumer groups and big cities filed suit after last year's rollback, saying the relaxed rules would increase air pollution and gasoline consumption — and allow the carmakers to sell more profitable big cars without risk of penalty. After last week's announcement, Clarence

Ditlow, director of the Center for Auto Safety, predicted the traffic safety agency "will not be satisfied until it wipes out" Federal fuel economy standards altogether.

Chrysler has opposed the relaxation because, company officials say, unlike Ford and G.M. it has invested billions on a mix of cars that meets Washington's standards. Chrysler noted last week that retaining reduced standards would save its competition as much as \$500 million in fines.

On Capitol Hill, there was grousing about a giveaway. Representative Fortney H. Stark, Democrat of California, complained, "although most of the Federal Government is today being asked to make drastic cuts in their budgets as a result of the Gramm-Rudman-Hollings deficit plan, the Administration is considering extending a half-billion-dollar gift to General Motors and Ford."

## Fed Wants Banks To Gamble Less

The Federal Reserve Board proposed last week new restrictions on American bankers with a penchant for high-risk loans.

Under the guidelines, banks that carry high levels of loans to such frequently shaky clients as third world nations and real estate and petroleum moguls would be required to beef up their financial reserves. The Fed's proposal, which would require less-extensive reserves for safer loans, would apply primarily to the so-called money-center banks, large institutions that have considerable amounts of third-world and other high-risk debts. Banks that are members of the Federal Reserve system are now required to set aside 6 percent of their assets, regardless of the risks of their loans.

The Fed's proposal would also require the banks' tallies of accumulated debt to include their so-called off-balance-sheet transactions. These are composed primarily of letters of credit, the value of which has surged from \$49 billion in 1981 to more than \$100 billion in mid-1985.

The Board's Chairman, Paul A. Volcker, called the guidelines "simply another tool to deal with some of the shortcomings of our existing tools." Martha R. Seger, a Board member, was less enthusiastic, saying: "I wonder if we're unnecessarily muddying the water." The American Banking Association thought so. "On the whole the industry's capital standards are quite adequate," said an association spokesman, Kirk Willison.

The Fed's loan-reserve proposal is subject to public comment for 90 days and, officials noted, could be drastically revised. The Federal Deposit Insurance Corporation and the Comptroller of the Currency, two other Government agencies that have been involved in the difficulties of a mounting number of banks, said they would soon propose similar guidelines.

## Bits, Bytes And 'Star Wars'

At the bargaining tables in Geneva and around Capitol Hill, the Administration has assigned a high priority to the development of a space-based antimissile system. But, according to a panel appointed by the Pentagon, efforts to make that dream a reality may be doomed because insufficient attention is being given to the complicated computer programming needed for an array of "Star Wars" missile-zappers.

The group blamed the Defense Department's tired old ways for much of the lag. "The endless demands of project schedules, the lack of capable staff, the lack of capital equipment, the 'not invented here' syndrome, the conservatism in procurement decisions, and bureaucracy have created a culture that resists change and takes only naive risks," the study said. Among other things, the panel recommended that the Pentagon perfect the command, control and communications elements of the system before developing the futuristic armament.

Michael Wright and Caroline Rand Herron

## Verbatim: The Mob and the Law

'The Government's efforts to remove organized crime's influence over unions and legitimate business have been largely ineffective. This situation does not stem simply from too few laws or unavailable remedies. It arises from a lack of political will, a lack of fixed responsibility and a lack of a national plan of attack.'

"The Edge: Organized Crime, Business and Labor Unions"

a report by the President's Commission on Organized Crime.

## \$11.7 Billion in Budget Cuts Were Announced Last Week



Senator Bob Dole (center) greeting constituents at a fund-raising luncheon in Topeka, Kan., last week.

## Kansas Watches While Washington Squirms

By STEVEN V. ROBERTS

TOPEKA, Kan. — Retired veterans and civil servants expected a cost-of-living increase in their pensions this month, but as a result of the new budget-balancing law enacted last year, those increases were shelved, and Senator Bob Dole's office here has received more than 100 phone calls protesting the delay. The majority leader says he expects to hear from many more of his constituents as the budget knife slices into other programs.

As Mr. Dole said at a fund-raising luncheon in Topeka last week, "There aren't any miracles out there that are going to help us reduce the debt." Most lawmakers share his conviction that reducing the national debt will be the top priority for the second session of the 99th Congress, which convenes Tuesday. But since miracles are in short supply, several major questions remain as the legislators return after a month-long holiday from Capitol Hill.

Will the lawmakers be able to stand up to the veterans and civil servants, the educators, defense contractors and dozens of other groups that will be scrambling to keep their slice of the Federal pie? Last week, the Administration announced a 25 percent reduction in farm price supports, and Robert Delano, the president of the American Farm Bureau, angrily declared, "Congress must not be allowed to balance the budget on the backs of the farmers." That same sentence, with a different last word, will be heard all over the country in the weeks and months ahead.

But as Mr. Dole told his audience here, "The \$64 question will be answered by the President" rather than by Congress. Is Mr. Reagan ready to reverse his adamant stand and enter serious negotiations with Congress over a deficit-reduction package? "It's not just Congress that has to

make hard choices," warned the majority leader. "The White House can no longer say that taxes are off-limits, defense is off-limits, Social Security is off-limits."

As the Administration shapes its budget proposal, which is due early next month, the President seems prepared to ignore the advice of his own party leader and place all those options off-limits. Accordingly, Congress and the White House could be headed for the gridlock that dominated the last session and thwarted significant progress toward a budget compromise.

This year is different, however, because Congress and the President must live with the new budget procedure, which is named for its two principle Republican sponsors in the Senate, Phil Gramm of Texas and Warren Rudman of New Hampshire. Under this bill, Congress must reduce the budget deficit in gradual steps, reaching zero after five years. If it fails to meet its target in a given year, automatic cuts will go into effect.

### Confidence Lacking

Under the law, reductions for the fiscal year that ends Sept. 30 total \$11.7 billion, and when details were announced in Washington last week they evoked howls of pain. Drug enforcement would be crippled; the processing of tax returns would slow down; reading hours at the Library of Congress would be curtailed. But these decreases are only a small taste of what could happen next year, assuming the statute survives a legal challenge now before a Federal court. By October, Congress would have to slice \$60 billion or more out of the Federal deficit or watch the automatic cuts go into effect.

This issue has mesmerized Washington for months, but out here most folks say they cannot tell a Gramm-Rudman from a graham cracker. The veterans and civil servants have been energized by their national lobbying outfits back in

the capital, but for the most part, Mr. Dole says, he is greeted by a "blank look" when he discusses the implications of the new law. "I don't believe it has reached the Middle West yet," the Senator said in an interview.

When they do start thinking about the law, Mr. Dole's constituents voice a variety of reactions, one of which is skepticism. There is not a whole lot of confidence in Kansas that Congress and the President will actually do something to trim the deficit. "The Federal Government is out of control, and all the good intentions in the world can't bring it under control," said Jerry Fink, who works in a photo developing outlet.

Some Kansans continue to agree with President Reagan that Government is too bloated. "We've got too much of a free society," complained Don Reid, the manager of a fabric store. "There's no incentive for individuals to work."

However, even in a state that voted 2-to-1 for Mr. Reagan in 1984, many voters disagree with the President's priorities. Ed Vogel, a traveling salesman who describes himself as a "conservative Midwesterner," says the budget deficit has to be shrunk or the country "will face bankruptcy charges." But the burden, he adds, should not be borne solely by domestic programs.

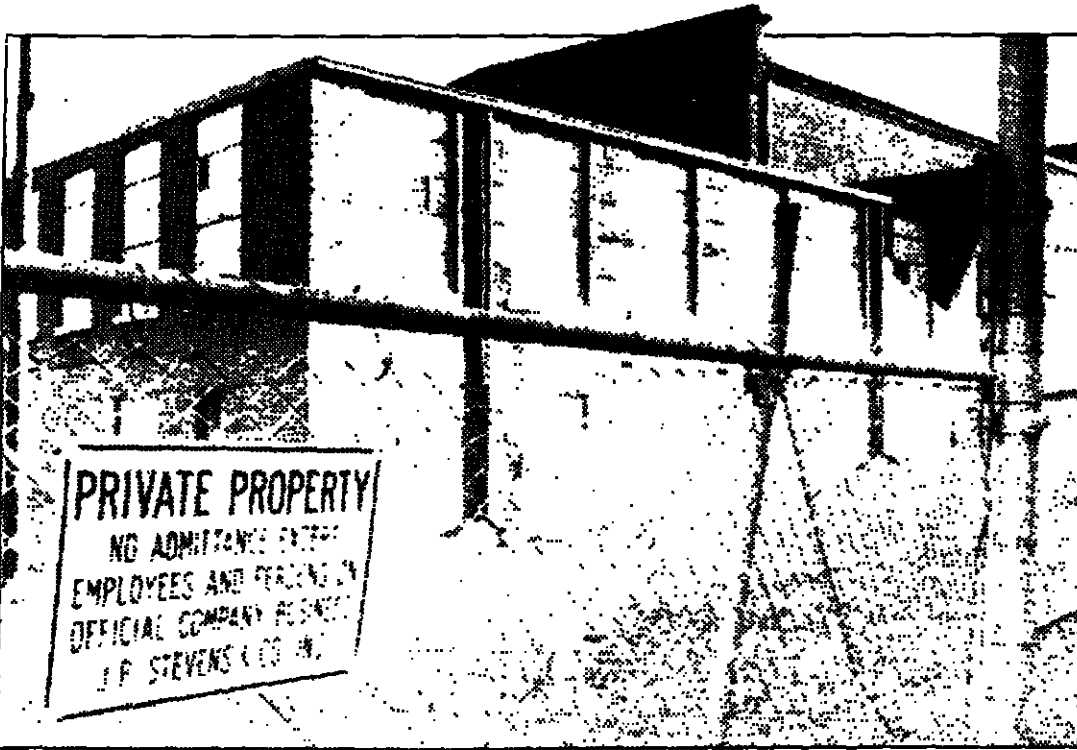
"I don't want to see anyone go without medical services or food to eat," he said. "I think the military somehow has to live with a smaller budget."

This concern is particularly acute at the state capital, where legislators face a double crunch — greater responsibility for social programs, but less revenue to pay for them. Gramm-Rudman, says Don Mainey, a Democratic leader in the Legislature, "sears us to death." And like many lawmakers from both parties, he shares Senator Dole's belief that the national debt cannot be eliminated through budget cuts alone. "The President is going to have to face the facts and ask for a tax increase," Mr. Mainey asserted.

But as lawmakers in Topeka grapple with the same problem faced by lawmakers in Washington, there is still the temptation to have it both ways, to reduce the deficit but avoid the pain. Jayne Aylward, a state Representative from Salina, jokingly offered this suggestion: "Maybe they'll come up with a bill that only taxes people in cities over one million. Then we can continue our farm programs and not tax my people any more."

## In Rural Areas, Jobs and Paychecks Lag

## Not All of the South Is in the Sunbelt



A textile mill in Piedmont, S.C., that was closed last year.

By WILLIAM E. SCHMIDT

ATLANTA — Since 1981, Georgia has recorded the nation's second-fastest rate of growth in per capita income, and that prosperity is reflected in Atlanta and its suburbs. Not only has this city's population grown by nearly 15 percent over the last five years, to more than two million, but three-quarters of all the new jobs created in the state are here as well.

Increasingly, however, economists in the region are warning that the bullish reports coming out of Atlanta and other Southern cities are masking larger difficulties, particularly the continuing decline of the rural South.

At a meeting last week in Birmingham, Ala., panelists assembled by the Southern Growth Policies Board, which studies economic development trends on behalf of a dozen Southern states and Puerto Rico, argued that changing rural employment patterns represent one of the most critical problems facing the region.

Historically, the rural South has been the na-

tion's poorest region. Even now, per-capita income in the nonmetropolitan South is less than three-quarters of that in urban areas, while unemployment is 37 percent higher. But even as new jobs come to the South they are being added in the region's metropolitan areas nearly twice as fast as in small towns and rural areas.

Part of the problem afflicting the rural South, like other areas, is the depressing combination of low agricultural prices and growing debt among farmers. But that situation has been worsened by a parallel decline in the traditional manufacturing base, as reflected most dramatically in the record layoffs and plant closings in the textile industry. More than 95,000 textile jobs have been lost in the region since 1980, most of them in small towns.

The evidence suggests what some economists have described as a fundamental restructuring of the region's economy. For years, the South has depended, in large part, on what Stuart A. Rosenfeld, an economist with the Southern Growth Policies Board, has called "smokestack-chasing," or recruiting unskilled manufacturing jobs

to rural areas by selling an appealing combination of cheap land, low wages and low taxes.

But it has been these kinds of industries — food processing, apparel, shoe manufacturing — that have proven most vulnerable in recent years to foreign competition and automation.

Meanwhile, Mr. Rosenfeld said, rural areas that were once so attractive as plant sites are not nearly as desirable to the service and high-technology industries that are now creating most of the new jobs in the region. These companies tend to settle in or near metropolitan areas.

The growing disparities between urban and rural areas was similarly underscored this month in a report to Governor Joe Frank Harris of Georgia. The study, sponsored by the University of Georgia Extension Service, predicted that of the two million newcomers who will be drawn to Georgia over the next 15 years 70 percent will probably locate in the Atlanta area.

### Dramatic Implications

"I've heard that if you take Atlanta out of Georgia, we're not doing as well as Mississippi," said Representative Larry Walker of rural Perry, Ga., who chaired the committee of 50 state leaders that produced the report. Representative Pete Phillips put it another way: "We live in two Georgias. We live in an urban Georgia that is booming, prospering, creating new jobs and opportunities; we live in a rural Georgia that is on the decline and losing jobs, people and confidence."

While manufacturing employment in Atlanta grew 17 percent over the last five years, he said, it declined 3.3 percent elsewhere in the state. "About 20,000 textile jobs have been lost in Georgia since 1978, mostly in rural and small-town Georgia," Mr. Phillips said.

All of this will have dramatic implications for the region, experts say. The vast numbers of migrants into the mushrooming metropolitan areas will not only increase pressure on land and water resources, but probably will accelerate what the report referred to as the "McDonaldization of the South," resulting in marked changes in community relationships and even language.

But the toughest challenge facing policymakers will be in marshaling the resources to create new jobs in the rural South. Gov. Harris has said that he intends to funnel some of the state's 1986 surplus of \$387 million into job training, road building and water and sewer programs for rural areas. Even more essential to the South's ability to attract new industry have been the adoption by Georgia and other states of costly programs to improve the quality of public education in a region that historically has ranked near the bottom in pupil performance and financial support.



# Bears Bet Against Commodore

Many believe the Amiga computer will flop. But some experts say the stock is a steal.

By JOHN C. BOLAND

**D**ESPITE the popularity of its inexpensive home computers, Commodore International Ltd. has been badly wounded in the industry's marketing wars — and some professional traders are betting that the wounds may prove fatal if the company's vaunted Amiga does not pan out.

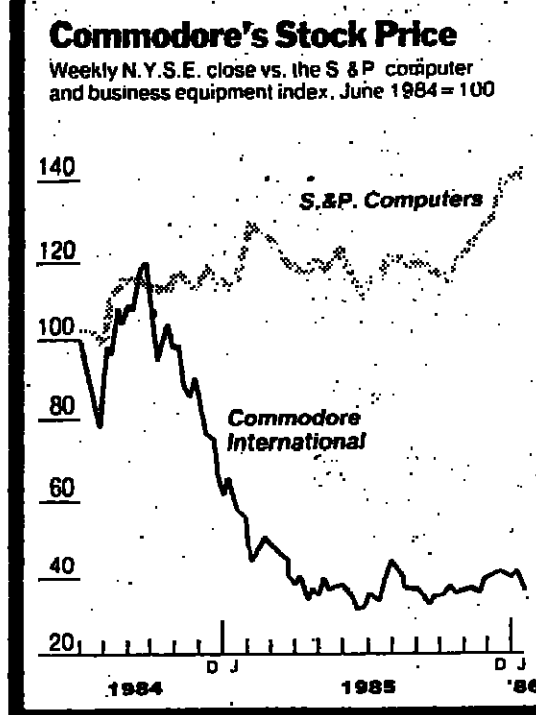
"My gut is that they're going to hit the wall," said one analyst, who asked not to be identified. Other Commodore watchers — some of whom had sold Commodore short and want the stock to sink — offered similar comments. "I have serious doubts that they'll make it to Christmas '86," said a money manager with a short position in Commodore stock.

That view, while widespread enough that more than 2.7 million of Commodore's \$1.4 million shares have been sold short, is not universally accepted. Management argues that costs have been reduced, bank debt is being pared, and the company will report a turn for the better as Christmas numbers are tallied. Some experts agree, and note that at about \$9.75 a share, Commodore's stock is only a shadow of its 1984 high of \$80.

"Their long-term viability is no longer a big question," said Henry S. Wurst, an analyst with McDonald & Company in Cleveland. "For someone looking for a turnaround situation, where the company has experienced losses in the past, this is an excellent candidate."

After peak earnings in 1984, Commodore's losses in the fiscal year 1985, ended last June, including a huge fourth-quarter write-down of inventory, totaled \$13.9 million. A year earlier, the company earned a record \$4.66 a share. The 1985 downturn put Commodore in violation of some of its bank agreements, and the latest waiver of those terms expires at the end of this month. Bearish traders shorted the shares just above the current level.

While bulls argue that it is not in the lenders' in-



terest to pull the rug out, no one denies that the banks will be watching Commodore's December quarter and subsequent order flow closely. If results are poor, the lenders might demand a crippling share of Commodore's cash flow to pay down the loans. On Sept. 30, its bank debt stood at \$192 million, and other obligations raised Commodore's total indebtedness to more than \$275 million. By comparison, shareholder equity was less than \$188 million, just under \$6 a share. Bears view the equity as vulnerable to further write-downs — a point that gained credence last week, as Commodore said it would consolidate its semiconductor manufacturing, taking a charge in its December quarter.

The reasons for pessimism, say bearish players, go to the heart of the company's growth strategy: its powerful Amiga computer that was introduced last fall. While bulls and bears alike applaud the machine's technical capabilities — which include sophisticated graphics and sound — they part company on Amiga's market potential. Shipments for Christmas were lower than the company had hoped, partly because few software packages were available. But while a Commodore spokesman says

that nearly 100 packages will be on the market by March, some experts say it will not matter.

"I don't believe that the Amiga offers enough to establish it as a new product class and earn broad software support independent of the I.B.M. PC or Apple," said Harvey Allison, an analyst with Wertheim & Company in New York. The pressure on Commodore may increase if, as expected, Apple Computer Inc. introduces a more sophisticated Macintosh, the Amiga's main competition.

Mr. Allison is one of several onlookers who suspect Amiga's problems run deep. "The positioning in the market is not clear," he said. "It's a little expensive for a home machine. Yet it's obviously not positioned really as a business machine without a significant software base."

Mr. Wurst, however, expects the Amiga to find acceptance in many markets. "The machine is extremely versatile, very powerful," he said. The Amiga's initial reception, spurred by heavy advertising, was reportedly good. But as advertising has faded, so has enthusiasm for the machine, according to some traders who have polled retail outlets, including at least one New York chain quoting the \$1,295 Amiga, and its peripherals, well below list.

Commodore's pleasant surprise during the last quarter was lively demand for its popular Model 64, which sells for about \$160. There is less enthusiasm for the new Commodore 128, which, critics contend, is only a marginal improvement on the 64. This past Christmas, many stores were discounting the 128 sharply from its \$299 list price.

But given that the company's component costs for the 64 were lower than a year ago, McDonald's Mr. Wurst believes this basic product yielded higher profitability. In his view, the company has gone a long way toward reducing its break-even point, consolidating manufacturing and investing in new products. If Amiga — and the 128 — find the acceptance he expects, he said, Commodore could become "a company to be reckoned with."

The short sellers' wager is that it is too late. "I don't think the banks are going to shut them down," said one money manager. "I think they're going to try to work with them, because the banks' only choice is to go home with a lot of Amiga parts." But he expects the situation to deteriorate after the December quarter's seasonally strong numbers are in. "That's as good as it gets — the December quarter. I would almost like to see them squeak out a profit . . . if the stock gets a pop, a great short would be better."

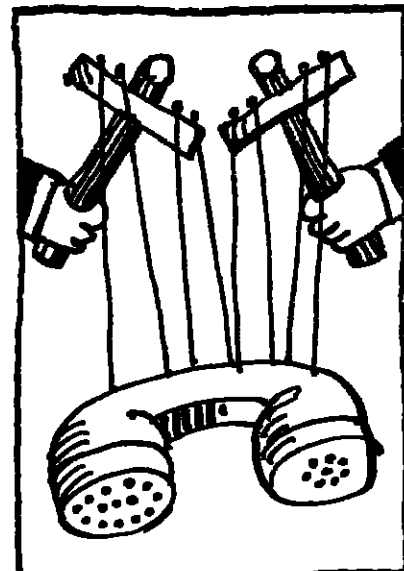
John C. Boland writes on finance from Baltimore.

# The Economy

## WEEK IN BUSINESS

## Sprint and Telecom Hear Wedding Bells

GTE is spinning off its Sprint long-distance telephone service into a merger with U.S. Telecom. Sprint, the No. 3 long-distance company after A.T. & T. and MCI, has about 2 million subscribers, mostly in metropolitan areas; U.S. Telecom, No. 4, has specialized data communications facilities. The combination, analysts say, will allow the new U.S. Sprint Communications Company to compete more effectively for business customers with specialized data communications needs. GTE has been rumored to be seeking a way of shedding the money-losing Sprint. GTE will take a \$1.3 billion writedown; United Telecommunications, U.S. Telecom's parent, will take a \$170 million charge and will pay GTE \$230 million.



Stuart Goldenberg

The merger shows how tight the hold is that A.T. & T. still has on the long-distance market. It retains 80 percent, despite deregulation. Of the new challengers, only MCI is reasonably profitable.

Industrial production gained seven-tenths of 1 percent in December, after a revised six-tenths of 1 percent rise in November. The increase, added to a 1.9 percent increase in retail sales and a drop in unemployment, was taken by many analysts to be a sign that the economy is again in a growth mode. Factory capacity use increased four-tenths of a point, to 80.5 percent. . . . Business inventories rose two-tenths of 1 percent, and a 1.5 percent increase in sales sent the inventory-to-sales ratio down to 1.35. . . . Housing starts soared 17.5 percent.

The Group of Five is meeting this weekend in London. The ministers are expected to discuss the success of their initiative to lower the value of the dollar. There were also indications that they may try to lower interest rates to spur economic development. But the trick would be to do so without rekindling inflation.

Gold reached 18-month highs, passing \$360 an ounce in London before falling back. The frenzied movements puzzled some analysts, because there has been little impetus for the activity. Indeed, some analysts said, if the metal were following its traditional pattern of mimicking inflation or performing in opposition to the dollar, gold would be falling.

Stocks rose moderately. The Dow Jones industrial average finished at 1,536.70, up 23.17. Interest rates also stabilized a bit. The basic money supply gained \$3.9 billion, indicating the Fed will not ease soon.

B.A.T. plans to sell Gimbels and three other chains in the United States because their performances have not met expectations. The British conglomerate will retain five retail chains, including Saks and Marshall Field. But few potential buyers for the chains were immediately apparent, in part because of the competitiveness of the retail industry.

Banks would have to keep higher reserves for risky loans. The Fed, the Comptroller and the F.D.I.C. are all concerned that the banks are too ex-

posed by their large loans to the troubled real estate and energy sectors and to the third world. Banks say they are adequately protected.

Continental Illinois's net rose 4 percent in the fourth quarter, to \$38.1 million. Bankers Trust jumped 19 percent to a record \$96.3 million. Chase Manhattan rose 25.8 percent.

Argentina has satisfied the arrears on its debt interest payments as its austerity program has taken hold. And Ecuador says it has put its economy in good enough shape to justify renewed lending. But Brazil, insisting it can get along well without the I.M.F., is seeking to renegotiate \$19 billion in long-term debts, and \$16 billion in short-term debt.

Making mergers easier, particularly for industries challenged by imports, is the goal of changes in antitrust law proposed by the Administration. Passage is uncertain, though — some members of Congress still want to curb the merger wave.

Satellite signals were scrambled by HBO and Cinemax so that owners of backyard dish receivers cannot receive the signals. The move, which is expected to be followed by most premium cable services and some networks, enraged many dish owners, who say the cable companies "don't own the sky."

I.B.M. posted earnings of \$2.68 billion in the fourth quarter, but profits for the full year were down a bit. Apple's earnings were a record \$56.9 million, and Digital rose to \$136.1 million. But Intel lost \$14.9 million, indicating the computer industry remains in turmoil. . . . General Electric's earnings gained 1.2 percent. . . . Eastern Airlines lost \$67.4 million.

MGM/UA and Ted Turner revised their merger deal — again. Now Mr. Turner is offering \$20 a share in cash and preferred stock with a face value of \$10.33 (but valued by analysts at \$5) instead of his original all-cash \$29 offer. Drexel Burnham apparently was having trouble raising the financing because Mr. Turner has been unable to sell MGM/UA assets.

Merrill Perlman

# Mexico's Grand 'Maquiladora' Plan

The Government has eased the rules, hoping for an economic lift.

By WILLIAM STOCKTON

**W**ITHIN this city of nearly one million people across the Rio Grande from El Paso, Tex., are 180 "maquiladoras" — factories owned by foreign companies that use cheap Mexican labor to assemble products that are shipped out of Mexico for marketing elsewhere.

Most are American-owned. Procter-Silex is here. So are RCA, Baldwin Piano and scores of others. Together they employ 77,000 people. Ciudad Juarez is the Mexican city with the most maquiladoras, but these days it accounts for only about one-fourth of them countrywide. The number of maquiladoras has grown in the past few years, as a steadily devalued peso has offset the effect of high inflation on labor costs and kept them low. Currently, there are about 700 maquiladoras scattered along the 2,000-mile border with the United States, as well as in some parts of the country's interior.

Soon there could be many more. The maquiladoras, once viewed solely as a source of employment for the underdeveloped border areas, have become a key part of Mexico's plan to rebuild its economy and pay off its \$86 billion foreign debt. And the Mexican Government, in part hoping to entice even more foreign companies to build maquiladoras, is allowing them access to Mexican consumers as well as Mexican workers. Maquiladoras may now sell 20 percent of their finished products in Mexico if they buy raw materials or components from within the country.

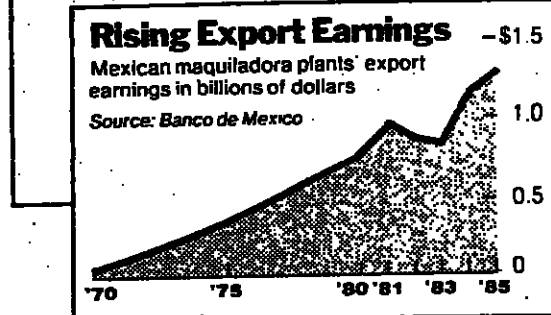
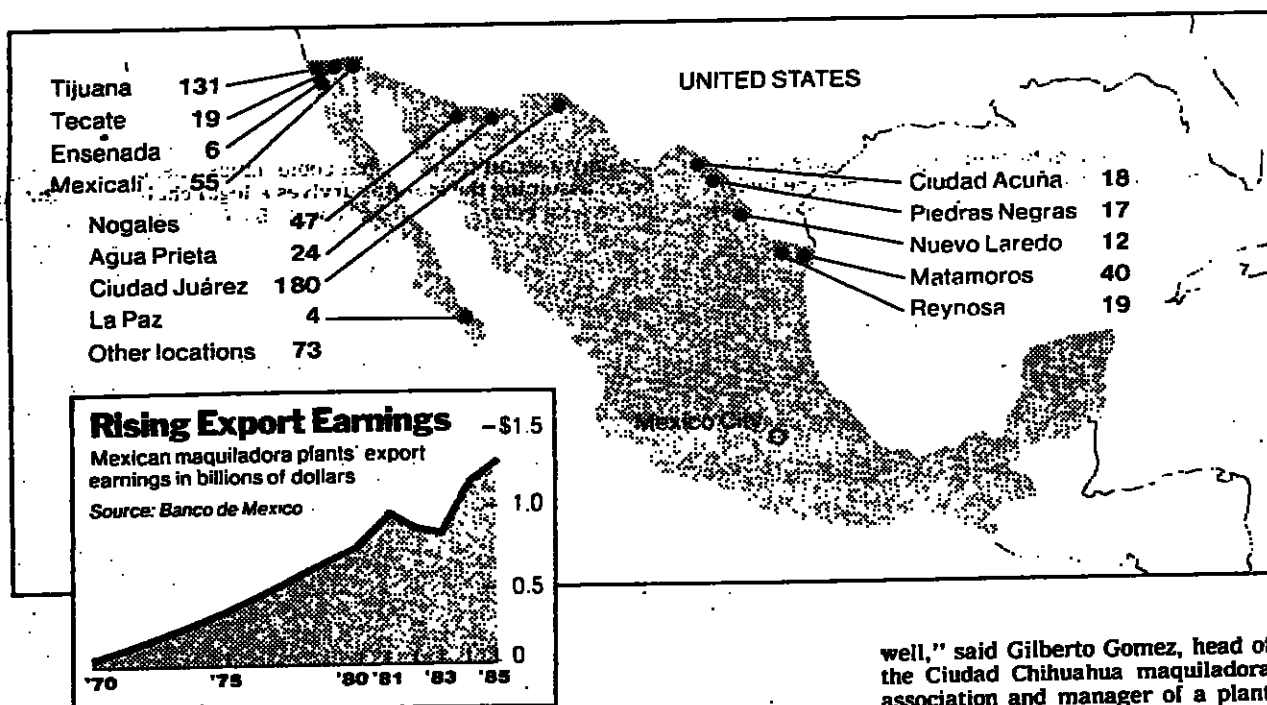
Some American companies already are taking advantage of the eased restrictions on intra-Mexican sales. Corcom Inc., an Illinois-based maker of electronic filters used in computers, already bought corrugated shipping containers from Mexican suppliers and is seeking to widen its Mexican supply base. It recently sold its first shipment of filters to a Mexican buyer. "It was only a \$5,000 order, but you have to start somewhere," said Jerry Jadwisiak, Corcom's plant manager. "It had great symbolic significance for us."

Other American companies are likely to follow Corcom's lead. Delco, for example, an auto components subsidiary of the General Motors Corporation's Delco unit, may be starting to look for made-in-Mexico copper wire and electrical components.

The Mexican Government's enthusiasm for and reliance on the maquiladoras, as the maquiladoras are often called, are understandable. Taken together, they are practically the only sector of the faltering Mexican economy generating new jobs. The maquiladora associations say that each maquiladora job generates about 1.5 jobs in the local economy. Figures in that way, the national number for employment generated by the maquiladoras already comes to more than 600,000. It promises to get bigger. In the state of Chihuahua alone, experts predict 15 percent growth in maquiladora employment in 1986.

## Where Mexico's Maquiladoras Are Located

Number of factories in each city



Equally important, the maquiladoras have surpassed tourism in providing the country with badly needed foreign currency. They brought in about \$1.3 billion last year — second only to petroleum, estimated to have earned \$14.6 billion for Mexico in 1985.

Mexico's economic planners believe the maquiladoras also can accelerate the transfer of American technology and sales expertise to their country and stimulate the emergence of a Mexican entrepreneurial and managerial class.

The grand vision is that this will enable Mexican industry to flourish and penetrate world markets just as South Korea and Singapore and Taiwan did, using their own maquiladora-type industries as a springboard. Indeed, the Government of Mexican President Miguel de la Madrid, which recently sought entry into the General Agreement on Tariffs and Trade, has stressed that the solution to Mexico's economic problems — including its foreign debt obligations — is to greatly increase exports of manufactured goods.

"The maquiladoras are a major mechanism for the Mexican economy to become integrated into international commerce," said Leon Opalin, vice president of the National Bank of Mexico in Mexico City. "They have the capacity to help Mexico compete internationally. They have trained workers, technicians, executives and entrepreneurs, all of whom have knowledge of and access to the international market."

But neither the training nor the knowledge may be enough to produce the marketing savvy needed to sell products abroad. And if the maquiladoras expand too quickly, Mexico's labor force and its weak infrastructure — its underdeveloped highways and communications network — may be unable to respond. Taken together, the problems mean that despite the Government's best intentions, Mexico's plan to use the maquilas to help steer its economy into calmer waters may not work.

In the interior, where the Government is encouraging more maquilas to locate, there is no extensive highway system such as that in the United States. The maquiladoras that are

successful in the interior are those that make compact items that can be flown, rather than trucked, out of the country. A plant in Yucatan, for example, makes small dental appliances, flying its products each week to Miami for sale in the United States.

And along the border, many maquiladoras must cope with shortages of drinking water, power supplies, housing, schools and health services. Such problems have been most acute in Ciudad Juárez, but every major maquiladora city faces them. "We went from a community with no industry to an industrialized city in about 15 years," said Arnulfo Castro Munive, personnel manager of Telecom's maquiladora and secretary of Mexico's national maquiladora association. "It introduced great disequilibrium into our infrastructure and our social structure and we still are experiencing these."

Plant managers must also cope with periodic local labor shortages. One of the ironies of the Mexican economy is that, despite chronic and serious unemployment, the maquiladoras often find themselves unable to hire and retain the workers they need.

In some ways, the maquiladoras suffer from too much, too soon. When several start up in one area, the local public transportation systems and housing facilities quickly become overtaxed. In Mexico, it can often take a long time for such systems to catch up with demand.

Thus, competition for workers can be keen. Some maquiladoras report that assembly-line turnover gets as high as 14 percent a month. Employees readily switch companies on short notice if a job opens up closer to home or if there is a chance to work next to friends or to eat at a more highly subsidized plant cafeteria.

Recently, when labor shortages were acute in Ciudad Juárez, one manufacturer lured employees away from other plants with a promise of a free Michael Jackson record. Others have given transportation allowances, as well as bonuses to employees who show up daily.

"Anyone who can hold his turnover rate to 2 percent a month, which is 24 percent a year, is doing extremely

well," said Gilberto Gomez, head of the Ciudad Chihuahua maquiladora association and manager of a plant that manufactures surgical clothing.

For many maquiladoras, though, the benefits in Mexico have so far outweighed such problems. "We've been here 13 years; we're here to stay," said Mr. Jadwisiak of Corcom.

Labor is still a bargain. Most assembly-line workers at Corcom — like Mexican line workers throughout the maquiladoras — earn the Mexican minimum wage, which, at 1,650 pesos a day, is currently about \$3.70 daily — a tiny sum compared to the \$3.35-per-hour United States minimum wage. "The decline of the peso has been a significant factor in our success here," Mr. Jadwisiak said.

Corcom has operated a maquiladora in Ciudad Juárez in scattered facilities since 1973. Two years ago, the company consolidated operations in a new 47,000-square-foot building on the edge of the city and less than a mile from the Rio Grande.

Corcom's operation is fairly typical for a border-area maquiladora. Electronic components assembled in Juárez are trucked across the border to El Paso, where Corcom has a distribution center. From there, the assembled electronic filters are shipped by truck to American customers — computer manufacturers such as International Business Machines and Hewlett-Packard.

Corcom, which had net sales of \$32 million in 1984, also operates assembly facilities in Hong Kong and Barbados. Its Juárez plant accounts for about 30 percent of its production. Last year, it was expected to generate \$11 million in sales. Its labor costs in Mexico are cheaper than at Corcom's other two foreign-assembly locations, says Mr. Jadwisiak.

The company is also encouraged by the possibility of entering the Mexican market. As part of that program, Mr. Jadwisiak is trying to broaden his Mexican supply base beyond the containers he has already bought. He is currently testing a Mexican-made potting compound and capacitor, as well as cables.

Mr. Jadwisiak is an American, but much of his professional staff is Mexican. For example, his six engineers, all graduates of Ciudad Juárez institutes of higher education, are natives.

## The New York Stock Exchange

### MOST ACTIVE STOCKS WEEK ENDED JAN. 17, 1986

Company	Sales	Last	Net Chng
IBM	7,946,700	150 1/2	+ 2 1/2
Int Harv	7,375,800	9 1/2	+ 1 1/2
AT&T	6,970,100	22 1/2	- 1 1/2
GTE	5,415,200	47 1/2	+ 1 1/2
RCA	5,407,200	82 1/2	- 1 1/2
Exxon	5,277,200	52 1/2	- 1 1/2
US Steel	5,199,600	24 1/2	- 1 1/2
Mesa P	4,958,700	2 1/2	- 1 1/2
Mobil	4,802,200	30 1/2	- 1 1/2
Boeing	4,767,500	47 1/2	- 1 1/2
AMR	4,636,300	44 1/2	+ 1 1/2
Mer Lyn	4,414,800	38 1/2	+ 1 1/2
Texaco	4,358,700	29 1/2	- 1 1/2
Schlmb	4,281,000	34 1/2	- 2 1/2
Tex O & G	4,257,300	15 1/2	- 1 1/2

### MARKET DIARY

Advances	Declines	Total Issues	New Highs	New Lows
1,382	624	2,230	249	17
767	1,310	2,253	472	25

### VOLUME

Total Sales	Last Week	Year To Date
607,716,610	1,543,848,122	1,378,066,550

### WEEK'S MARKET AVERAGES

High	Low	Last Change
137.9	135.5	+1.70
118.3	111.5	+4.39
62.2	61.8	+0.23
133.0	130.0	+2.74
120.6	118.6	+1.52

### Standard & Poor's

400 Indust	232.0	227.9	230.8	+2.38
20 Transp	193.0	183.7	192.5	+8.48
40 Util	91.7	90.1	91.4	+0.80
40 Financial	26.0	25.4	25.9	+0.50
500 Stocks	209.4	205.5	208.4	+2.47

### The American Stock Exchange

### MOST ACTIVE STOCKS WEEK ENDED JAN. 17, 1986

Company	Sales	Last	Net Chng
Wicks	5,417,600	4 1/2	- 1 1/2
WangB	3,731,900	20	+ 1 1/2
BAT In	2,838,900	4-16/16	+7/16
EchoBay	2,032,500	14 1/2	- 1 1/2
DomePet	1,131,600	2-3/16	+1/16
TexAir	909,300	16	+ 1
Cablevisn	811,500	14 1/2	- 1 1/2
CHMA	760,600	19 1/2	- 1 1/2
GulfCan	728,000	14 1/2	- 1 1/2
WestDigital	704,300	12	+ 1 1/2

### MARKET DIARY

Advances	Declines	Total Issues	New Highs	New Lows
482	279	923	76	21
311	457	915	105	21

### VOLUME

Total Sales	Last Week	Year To Date
50,657,985	137,593,120	51,884,375



# The New York Times

Founded in 1851

ADOLPH S. OCHS, Publisher 1896-1905  
ARTHUR HAYS SULZBERGER, Publisher 1905-1961  
ORVIL E. DRYFOOS, Publisher 1961-1963

ARTHUR OCHS SULZBERGER, Publisher  
A. M. ROSENTHAL, Executive Editor  
SEYMOUR TOWSE, Managing Editor  
ARTHUR GELB, Deputy Managing Editor  
JAMES L. GREENFIELD, Assistant Managing Editor  
MAX FRANKEL, Editorial Page Editor  
JACK ROSENTHAL, Deputy Editorial Page Editor  
JOHN D. POMFRET, Exec. V.P., General Manager  
RUSSELL T. LEWIS, Sr. V.P., Circulation  
LANCE R. PRIMIS, Sr. V.P., Advertising  
J. A. RIGGS JR., Sr. V.P., Operations  
HOWARD BISHOP, V.P., Employee Relations  
JOHN M. O'BRIEN, V.P., Controller  
ELISE J. ROSS, V.P., Systems

## Nuclear Naked

The proposition is simple yet also cynical: Nuclear weapons are not rationally usable; therefore they're useless; therefore don't just limit them but get rid of all of them, and quickly.

Jimmy Carter was the first nuclear abolitionist in the White House, though he never described the future he imagined. Ronald Reagan has made abolition a moral crusade, to justify a quest for exotic defenses that would replace terror as a deterrent.

Now Mikhail Gorbachev outbids them both. If abolition is the object, he says, why waste time and money on "Star Wars"? Let's strip down to zero here on earth, and by the year 2000.

Are these serious ideas? Not as they concern abolition. In a world of nations that have renounced nuclear weapons, the man with one bomb would be king. If he were Qaddafi, Libya would be a superpower; if he were Deng Xiaoping, he could finally demand the return of Vladivostok.

Perhaps the Kremlin thinks it could enforce abolition by having the K.G.B. stand guard over every Soviet lab and vial of plutonium, but could it trust our open society to suppress all knowledge of fission and fusion? Perhaps Western Europe doubts that Americans would risk nuclear war for its defense, but would a nonnuclear NATO feel safer if left to confront Soviet conventional forces?

The stubborn reality is that nuclear weapons, though unusable, remain extremely useful. For 40 years, they have deterred the Soviet Union and United States from attacking each other and their vital allies and interests. They have forced moderation on nations with formidable conventional armies. They have produced a crude hierarchy of power that permits coalitions of strong and weak nations to stabilize whole continents.

In the foreseeable future, no sane Soviet or American leader would give up weapons that simultaneously keep the peace and assure his nation's pre-eminence. Certainly Mr. Reagan and Mr. Gor-

bachev have no intention of ever going nuclear naked. Why then do they tease the public with fantasies? Because dreaming about 2001 and 2051 diverts attention from their failure to make hard choices in 1986.

Having agreed last November to "accelerate" negotiations to limit the arms race—to make living with nuclear weapons less dangerous—the two leaders must now decide where to erect the barricades. How many nuclear weapons, and what types, are enough? Pious talk of abolition begs these urgent questions.

In their respective evasions, Mr. Reagan and Mr. Gorbachev do hold out one plausible bargain. They agree that they already possess more nuclear weapons than they care to manage or confront and that the next generation of weapons will be even more threatening. The United States is moving to deploy missile defenses on earth and in space, forcing the Russians to take costly countermeasures. Unless inhibited by new agreements, the Russians are poised for an alarming missile expansion, finally opening the window of vulnerability that Americans have long dreaded.

Mr. Reagan asks the Russians to join instead in drastically reducing missiles and warheads. Mr. Gorbachev says he will, if the United States reaffirms the ban on defenses and gives up even testing weapons for space. Mr. Reagan says research can't be stopped, but Mr. Gorbachev suggests that a permissible level of research can be defined and he offers, at long last, to open his country to foreign inspectors.

The dimensions of a deal are in sight. But it can't be struck until the pretense of abolition is dropped. If arsenals are to be reduced, which 3,000 or 5,000 weapons are to be kept or built? Bidding zero against zero adds up to zero.

## Government by Zombie

Of all the absurdities in the new budget law, none is so measurably mindless as treating the Internal Revenue Service as just another agency.

The purpose of the law, and of all the heavy breathing in Congress in the last few months, is to reduce the colossal Federal deficit. Cutting Internal Revenue means cutting potential tax collections and thus increasing the deficit. But the law leaves no choice, and that is exactly what's wrong with it. To govern is to make choices.

Internal Revenue is spending about \$3.3 billion this year to collect more than \$600 billion. Crudely, every penny it spends nets well over a dollar of revenue. But that exaggerates reality. It costs millions more to collect from tax evaders than from the great majority who pay without prodding.

Chasing delinquents can be hugely productive, or a dead end. For instance, if the Internal Revenue computer discovers that a taxpayer didn't pay last year, a simple reminder costing hardly more than 22 cents for the stamp may smoke him out. The yield on that type of follow-up averages \$20 in revenue for every dollar in expense.

The deliberate delinquent who shrouds income in a jungle of tax shelters is another matter. Pursuit, proof and collection can be very expensive, and often there's no yield at all. Yet the essential point remains: Whatever the Internal Revenue Service spends on collection it gets back manyfold. A dollar that's not spent on collection means \$5 or \$10 or \$20 that is not collected in revenue.

The 4.3 percent cut that the Service must now take in its current budget—the same percentage as

dozens of other civilian agencies—comes to about \$140 million. That translates into at least \$1 billion of uncollected taxes. That alone constitutes close to one-tenth of the slashing the law requires in this year's budget.

What makes all this still more boggling is that this is the year in which Internal Revenue is trying to overcome the chaos that accompanied conversion to new computers last year. Meanwhile, audits have fallen to an all-time low, to barely one in a hundred returns. Audits are targeted more effectively than before, but there are more returns than ever and the chances of a return's being audited keep going down. Three years ago, the Grace Commission on government waste and inefficiency urged the President to add to the audit staff. Not until next year will the Service do it.

Why are Congress and the White House blind to such simple arithmetic? They're not. But they are politically attuned. Cracking down on notorious cheats makes great headlines, but auditing John Q. Taxpayer's Form 1040 fuels irritation and resentment. Consequently, adequate funding for tax collectors is not a top political priority.

President Reagan's original fiscal 1986 budget would have reduced Internal Revenue's appropriation slightly. Congress increased it instead, but still only slightly. Now comes the Gramm-Rudman-Hollings law, zombie-like, wiping out the supplement Congress approved and then some. That's not government. It's stupidity.

### Topics

## Taking a Beating

### Upwardly Mobile

The United States has no shortage of good reasons to criticize the United Nations so it's dismaying to see American officials strain to assuage "Being Young," a half-hour film produced for the United Nations International Youth Year in 1985.

The film, produced by an American, Dick Young, portrays young people from six countries, including the Soviet Union and the United States. The Soviet is Sergei Bubka, the world pole-vault champion. The American is Anthony Avery, then a student at Andrew Jackson High in Queens and now a college sophomore.

Some Americans think the film unfairly romanticizes the Soviet youth. "It is perfectly obvious that the U.S.S.R. stands out among all these kids," said Richard C. Hottelet, public affairs adviser to the United States Mission to the U.N. The others are shown in atmospheres of struggle and sacrifice and violence, he said, "but nothing like that is shown in the Soviet Union." Mr. Young suggests the American objection stems from the fact that Mr. Avery is black. Mr. Avery shares that suspicion and regrets it. "I thought we had come a lot farther than that," he said.

Race aside, Mr. Avery comes off in the film embodying old-fashioned American virtues. He studies hard, works hard and cooks dinner occasionally for a retarded woman next door. He directs the children's choir at his church. His life is not nearly as

glamorous as that of the Soviet athletic champion. But it is a lot more realistic and hopeful. How many young Russians can change their lives as Mr. Avery is doing, even with struggle and sacrifice?

### Blackened Zucchini

Not having tasted blackened red fish, golden caviar, blue cornmeal, jicama, Chinese pear and the liver from a moulard duck isn't simply a matter of not knowing what you're missing. It also means not knowing where it's at. That's because fashion today is less a matter of how you look than what you eat.

Fashion thus poses as much of a threat to the eaten as to the worn. The passion for egret feathers, beaver skins and alligator hides almost wiped out their suppliers. Now the same fate may be in store for the red fish, the source of all those incinerated fillets. Game fishermen mourn the disappearance of a good fighter; conservationists wail; restaurateurs look hopefully toward red snapper.

But why not red hake, squid or mackerel? Putting them on the menu would do a big favor for New England fishermen up to their hips in those catches. Or, to leap from one kingdom to another, what about zucchini? In another six months, zucchini will once more conquer the world, and it's a vegetable that takes very well to the treatment normally

accorded redfish fillets—melted butter, salt, pepper, paprika and garlic. Nor would it, for some palates anyway, suffer from being burned to a crisp.

Blackened zucchini! The next dish. The in dish. The dish for which the main ingredient is absolutely, deplorably, distressingly abundant.

### Improbable Cause

The Justice Department is pondering ways to protect police from what it regards as undue interference with their work, notably the Miranda rule that requires suspects to be informed of their rights before questioning. The assumption seems to be a need to, as the bumper sticker puts it, Support Your Local Police.

The trouble is that sometimes local police need more than support. Often enough, they, and the public, need the protection of rules that keep careless or reckless officers within the bounds of professionalism and good sense.

Yes, cases are now and then lost because police fudge, or fracture, the rules. But anyone who doubts the need for rules can usefully refer to a report this week from Lake County, Indiana. The prosecutor there has reopened a case, closed by the police, which involved the death of James Cooley, 52. The police concluded, over the coroner's objections, that he had killed himself—by smashing himself on the head with a hammer 32 times.

### Letters

## The Russians Broke 1958-61 Test Moratorium

To the Editor:

Dr. Jerome B. Wiesner's Jan. 3 Op-Ed article, "Setting the Moratorium Record Straight," is wrong in fact and conclusion.

Dr. Wiesner claims that it was President Eisenhower who canceled the 1958-61 moratorium on nuclear testing. The facts are quite otherwise. President Eisenhower's Dec. 31, 1959, statement constituted a declaration of "relieved obligation," not a breach of the U.S. moratorium, for despite the statement, the U.S. did not resume testing.

Furthermore, it was not the first such statement. Dr. Wiesner is apparently unaware that, because the Russians continued testing in 1958 after comprehensive test-ban negotiations began, President Eisenhower announced on Nov. 7, 1958, more than a year earlier, that "the U.S. was relieved of any obligation to continue its one-year ban . . . but . . . the voluntary

suspension would be continued for the time being." Neither the U.S. nor the Soviet Union asserted then or after that this declaration constituted a "breach" of the moratorium.

Dr. Wiesner's claim that President Eisenhower's subsequent 1959 statement was a cancellation of the U.S. moratorium is simply wrong. Eisenhower's 1959 announcement was, taken in its totality, an extension of the unilateral U.S. moratorium through another year, undertaken to encourage the Geneva negotiations; it was, most certainly, not a renunciation of that moratorium.

A brief history of the 1958-61 moratorium is: On March 31, 1958, the Supreme Soviet "abolished" nuclear tests in the Soviet Union; but the Russians set off at least 14 nuclear explosives between Sept. 30 and Oct. 23, 1958, and were showing no signs of stopping as the scheduled opening of the test-ban talks approached. Presi-

dent Eisenhower stated, "Nevertheless, the U.S. is still expecting the Soviet Union to begin test-ban negotiations starting Oct. 31 [1958] . . . and . . . unless the Soviet Union holds further tests after negotiations have begun, the U.S. remains prepared to withhold further testing . . . for a period of one year from the beginning of the negotiations."

The Soviet Union immediately fired two more shots after the negotiations began (on Nov. 1 and Nov. 3, 1958), prompting Eisenhower's statement of Nov. 7, 1958.

It was the Russians who, in fact, broke the moratorium by resuming testing—on Sept. 1, 1961. Dr. Wiesner's failure to distinguish between U.S. "statements" and Soviet "action" constitutes an egregious error.

Furthermore, it was President Kennedy, not President Reagan, who charged the Soviet Union with breaking the moratorium. Kennedy had inherited the test-ban negotiations when he took office and had striven to make them a success; hence, he was particularly outraged at the sudden, unprovoked onset of Soviet testing.

Kennedy addressed the nation on March 2, 1962: " . . . on September first of last year, while the U.S. and the U.K. were negotiating in good faith at Geneva, the Soviet Union callously broke its moratorium with a two-month series of tests . . . Preparations for these tests had been secretly under way for many months" (Public Papers of the President, Item 71).

Also incorrect is Dr. Wiesner's implication that the U.S. was responsible for failure of the test-ban negotiations. On Sept. 25, 1961, President Kennedy's Secretary of State, Dean Rusk, reported to him: "Today, after 340 meetings . . . the conference has not produced an agreement. Soviet responsibility for this lack of agreement is clear and unmistakable" (State Department Publication 7258).

It is possible, but hard to believe, that Dr. Wiesner is ignorant of what happened during the moratorium and also unaware of President Kennedy's assessment of Soviet responsibility for breaking the moratorium and for the failure of the negotiations.

ROBERT K. SQUIRE  
Arlington, Va., Jan. 8, 1986  
The writer served as special adviser to the Defense Department's and Energy Department's Offices of International Security Affairs in the Carter Administration and was adviser to the ambassador, U.S. delegation, for comprehensive test-ban negotiations, at Geneva in 1980.

## Space Station Is a Step Into the Beyond

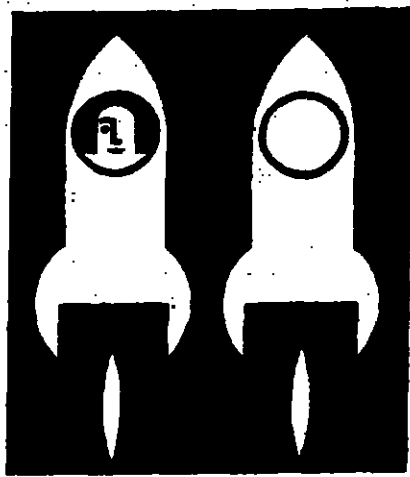
To the Editor:

Your Jan. 7 editorial "Adrift in Space" gave high praise to the National Aeronautics and Space Administration's unmanned exploration of the solar system and was critical of manned programs, in particular the proposed space station. However, the manned and unmanned parts of the civilian space program should not be considered separately; they have been related and should continue to be. Further, the NASA programs should be viewed as a continuum focused on several very long-term goals. In my view, these are:

- Search for other life and intelligence.
- Search for other inhabitable planets.
- Understanding the universe.

Progress toward these goals must obviously be modulated to fit current budget constraints, but the fundamental direction should not be subject to the annual budget debate.

The act of Congress that established an open, civil space program was a stroke of genius. It provided this country a level of technological prestige—not fully appreciated by biased Americans—that has had great impact and enduring significance overseas. The NASA programs to date have been a remarkable stimulant for scientific and engineering progress as well as education in technical fields. Space has become a modern frontier and



Anders Weisager

a window to the human imagination. In sum, the NASA programs, both manned and unmanned, have been remarkably successful and have clearly established this country as a technological leader—a position of considerable advantage. NASA's future programs should integrate both manned and unmanned efforts in a mutually supportive manner. When viewed in this light, the space station becomes a significant step in a longer-term program rather than an end in itself.

JOSEPH G. GAVIN JR.  
Senior Management Consultant  
Grumman Corporation  
Bethpage, L.I., Jan. 10, 1986

## Chinese Film Making And a Matter of Hu

To the Editor:

A UPI Peking report on film making in China ("Around the World," Jan. 13) has confused two Hui. Hu Qiaohu, 73, is the Hu-who initiated the short-lived anti-spiritual-pollution campaign a few years ago with Deng Lijun, then propaganda chief.

The Mr. Hu who is 57 years old and is "considered a senior protégé of the Chinese leader, Deng Xiaoping" is Hu Qili. He is being groomed to succeed yet another Hu—Hu Yaobang, Communist Party general secretary.

Hu Qili has recently been promoted to the seven-member standing committee of the Politburo. He gave a speech on artistic freedom a year ago at the Chinese Writers Congress.

Whichever Hu made the comment quoted, it seems aimed at a trend toward rampant, unchecked production, such as the voluminous publication of sexy fiction, martial-arts novels and "yellow" tabloids, which severely affect school-book publishing in light of the paper shortage.

Last fall, I was invited to visit the Shanghai film studio and noticed a tendency toward soap-opera-type films to meet popular demand. Mr. Hu's words seem a warning to prevent film making from going wild as publishing has.

TIMOTHY TUNG  
New York, Jan. 13, 1986

## Caring for Elderly Kin Takes on-the-Job Time

To the Editor:

Your report on a Travelers Corporation study that found full-time office employees spend significant amounts of nonwork time caring for elderly relatives and friends (Style page, Jan. 6) did not, however, deal with an issue of even more concern to corporate employers: the amount of "on the job" time employees spend as care givers for their elderly loved ones.

Taking care of elderly relatives and friends involves many time-consuming activities that can be accomplished only during normal working hours. Employees must locate and confer with doctors treating myriad geriatric problems. They must arrange for private insurance policies and secure needed home-health-care services. In cases where there is no insurance or money to pay for services and care, the responsibility of applying for Medicaid assistance also falls on the full-time employee care-giver.

Perhaps, the most emotionally painful and time-consuming responsibility is finding decent nursing home care for a hospitalized loved one who is too ill to return home. This frequently involves negotiating with hospital-discharge personnel, finding an available bed in a good nursing home and arranging for financing of care with or without Medicaid support.

For corporate personnel officers

who review the findings of the Travelers study, the most logical and humane response would be to develop educational programs designed to assist employees to be effective care givers.

JEFFREY AMBERS  
Executive Director  
Friends and Relatives  
of the Institutionalized Aged  
New York, Jan. 14, 1986

## Tax-Exempt Effect

To the Editor:

"The Elephant Under Lilco's Blanket" (editorial, Jan. 12) notes the effect of bonds to finance the purchase of the Long Island Lighting Company on other New York State financing, but fails to note that the taxes not paid by tax-exempt bond owners have to be replaced by the state.

The reduction in state tax collections has to be made up some way, either by reduced services or substitute taxes. The loss of Federal revenue is also going to be made up by increased charges or reduced services.

To those who still think public power is so wonderful I suggest a trip to the Soviet Union or contemplation of a power system run by the Internal Revenue Service or the Post Office.

SHERWIN RUBIN  
Washington, Jan. 12, 1986

## Some Things a Lieutenant Governor Can Do

To the Editor:

If, as Paul Feiner, a Westchester County legislator, suggested (letter, Dec. 27), New York has been without a lieutenant governor for almost a year without anyone noticing, the solution should be to give the lieutenant governor more to do. Mr. Feiner's suggestion that the office be abolished is the wrong answer to the right problem—how to make the lieutenant governor a contributing member of state government.

One of the most important issues facing states in the late 20th century is their changing relationship with the Federal Government. States are simply being asked to do more for themselves. The new Gramm-Rudman-Hollings amendment to the Budget Control Act, and other pressures to balance the Federal budget, will cause the Federal Government to reduce or eliminate participation in many programs. Lieutenant governors are ideally situated to take the lead on important projects. I'm not suggesting that every time the governor wants to run a controversial proposal up the flagpole, the lieutenant governor be atop the pole with a lightning rod. But a lieutenant governor

can use his past experiences and present access to state leaders to add depth and reach to an administration. Indiana gives its lieutenant governor plenty of responsibility. By law, the Indiana lieutenant governor directs the Department of Commerce, which includes economic development, agriculture and tourism. A year ago, Governor Orr put me in charge of state training and employment-service agencies.

Citizens expect many and varied things from their state governments. No state should allow itself the luxury of a lieutenant governor who is an invisible man (or woman). Lieutenant governors can play a key, if secondary, role in the leadership of their states.

JOHN M. MUTZ  
Lieutenant Governor, State of Indiana  
Indianapolis, Jan. 10, 1986  
The writer is chairman of the National Conference of Lieutenant Governors.

## A Friend of Drayton's

To the Editor:

Morse Johnson asserts (letter, Jan. 9) that "no evidence" corroborates that Shakespeare and the poet Michael Drayton were friends. But a note in the diary of the vicar of Stratford states that Drayton, Shakespeare and Ben Jonson had a drinking party just before Shakespeare died. And these Drayton verses show some familiarity with Shakespeare:

And be it said of thee,  
Shakespeare, thou hadst as smooth  
a comic vein  
Fitting the sock, and in thy natural  
brain  
As strong a conception, and as clear  
a rage  
As any one that trafficked with the  
stage.

Such praise for the author of "Hamlet"?  
THEODORE LASAR  
New York, Jan. 12, 1986

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The Times welcomes letters from readers. Letters for publication must include the writer's name, address and telephone number. Because of the large volume of mail received, we regret that we are unable to acknowledge or to return unpublished letters.



## ESSAY

William Safire

A Deal  
Is  
A Deal

I hailed a cab in Manhattan the other day. It was across the street and the driver nodded and blinked his lights in acknowledgment. Then another cab came along on my side of the street and stopped in front of me. I waved him on, having made my deal with the other cabbie.

Then a woman in a mink coat opened the door of the cab across the street. I could see the taxi driver pointing to me, explaining that I had already hailed him, but the lady was adamant and the rule is the first one in the cab gets it. The cabbie looked at me and shrugged, leaving me shivering in the wind and thinking about the sanctity of contracts.

That is what the multibillion-dollar hassle among Texaco and Getty and Pennzoil is about. In all the hoo-hah about insider trading, bankrupting appeal bonds and Federal vs. state court jurisdictions, a fascinating, everyday ethical issue is coming to the fore.

To review the bids: Pennzoil made an offer to buy Getty. Getty's board voted to accept the offer, put out a release saying that the offer had been accepted in principle, and champagne was broken out all around.

Then Texaco came along with a higher offer and Getty grabbed that. Pennzoil sued, saying it had a firm deal even if the contracts were not signed, and a Texas jury agreed: Texaco was then ordered to pay Pennzoil so many billions in damages that the company would be ruined. A Federal judge has intervened, and appeals may take this company-busting penalty to the Supreme Court.

I think the local judge and jury blew their caps in deciding, in effect, to execute the corporate defendant for a first offense on a misdemeanor; the amount of damages is way out of whack (Draco lives).

But the jury delivered corporate America a message that no wheeler-dealer should forget: terms like "honor" and "integrity" and sayings like "A man's word is his bond" can rise up and clobber technical legal defenses.

The issue: Do you have a contract when you do not yet have signatures on the dotted line? Can an agreement

Texaco  
gets an  
expensive  
lesson  
in ethics

be said to be "sealed" with a handshake, before it has been signed and delivered?

Apparently so, which is as it should be. If you say to someone, "I'll pay you \$5,000 for your car" and he assures you "It's a deal," he should not then be able to go off and sell it to somebody else for \$6,000.

The business of drawing up the papers — lawyering, "making it all legal" — usefully codifies the agreement, reminds you that the car comes without a rumble seat, and puts in the what-ifs that avert or resolve problems later. But that refinement of the agreement "in principle" should not be a device to allow the seller time to see if he can get a better deal elsewhere, or the buyer to look around to find the same car for less.

It gets down to a question of trust. If we descend to a society that accepts sharp practice as the norm, then every contract will have to be in writing. When every verbal agreement is suspect, not only does honor become laughable and ethics erode, but capitalism becomes far less efficient. (I can sell this either way.)

Imagine a Wall Street that requires the Texaco standard of "it ain't over till it's signed": how could you buy stock by telephone? Think of thousands of orders concluded when a businessman says "done," or "okay," send it"; must this require the time for signatures and authorizations in triplicate? Trust is the lubricant of enterprise; without it, most businesses would grind to a halt.

In a Texas courtroom, 12 simplistic, vindictive, normal souls said "That ain't right, hang him — that'll set an example to slick lawyers everywhere." Let us hope the appeals process rectifies the excessive award; at the same time, let all the junk-bond junkies and I-had-my-fingers-crossed managers beware of selling ethical standards short.

This episode might also strike a frisson of useful terror in the hard heartland of pettifoggery. I have done this computation myself, and long division was never my strong suit, but — not counting the graduating class of 1985 — there exists one American lawyer for every 362 Americans, while there practices one Japanese lawyer for every 10,150 Japanese. That is one reason Japan, Inc. is clobbering us; protectionism should start at the gates of our feckless factories of forensics.

I hope to continue to trust my car to The Man Who Wears the Star. I will trust him if his bosses learn to be trustworthy, if their word becomes their bond, if their spoken deals are their solid deals, and if they relegate their lawyering to the back seat. If not — Taxi!

## The U.S. Should Play Its Jordan Card

By Rita E. Hauser

Nearly a year has passed since King Hussein of Jordan and Palestinian Liberation Organization leader Yasir Arafat reached agreement on a common approach to peace with Israel, with little concrete results to be seen. Indeed, events of the last months indicate that their precarious entente has all but collapsed. And the prospects for another military engagement between Israel and its adversaries have increased sharply as a new political alignment

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Make it  
clear to  
Hussein  
that he  
should  
make a  
move toward  
peace

President Assad has made clear his disdain for Yasir Arafat and his intense opposition to the Hussein-Arafat entente. It is safe to assume that the recent acts of terrorism in the Middle East and Europe were sanctioned if not instigated by Syria, backed by a cooperative Libya, and that they were part of a campaign to discredit Mr. Arafat. Meanwhile, Mr. Arafat too has had recourse to terror in an effort to maintain control of his forces. This, together with his inability to keep his part of the bargain with King Hussein, has severely undermined his credibility.

Frequent Jordanian contacts with Israel, both direct and indirect, have not produced a concrete promise by Israel to relinquish its control of the West Bank.

Prime Minister Shimon Peres could offer Jordan only his good intentions, as he pleaded for time to strengthen his political position at home. He is, in the meantime, looking to Jordan for some small indication of a willingness to negotiate directly with Jerusalem.

Mr. Peres is under intense pressure from the inner circle of his own Labor Party to resist the rotation of power, to Deputy Prime Minister Yitzhak Shamir of the Likud opposition, scheduled to occur in October unless the Government falls before that time. And certainly, if the coalition did fall, precipitating early elections, a conciliatory sign from Jordan would make it easier for Mr. Peres to run on a peace plank.

The trouble is that King Hussein has clearly begun to search for other ways to deal with the Palestinian dilemma.

With his options narrowing, he took an uncharacteristic gamble and decided, sometime in August, to move toward the Syrian orbit. Turning his

back on a decade of bitter mistrust and intrigue, King Hussein met early this month in Damascus with President Assad.

According to unofficial reports of their meeting, King Hussein demurred to Syria's demand that Mr. Arafat and his people be excluded from any Palestinian-Jordanian delegation that might negotiate with Israel. But King Hussein was not yet willing to accept Syria's wish to move the peace process to an international conference — something that Syria could easily do if the proposed Israeli-Jordanian working group were unable to reach an agreement on the many issues that it would face.

King Hussein is apparently seeking assurances from Syria that a continued stalemate with Israel on Palestinian issues would not place him in jeopardy from terrorist attacks within and outside Jordan. Syria's enhanced military position, including the SAM-6 and SAM-8 ground-to-air missiles it has moved in and out of Lebanon, and the consequent heightening of tensions with Israel, has hardly escaped his notice. It certainly suits President Assad's plans to draw Jordan into a tacit alliance — a pact that would take on even greater significance if Israel were engaged in a military struggle.

Another round of war between Israel and Syria cannot be ruled out in the near future.

From Syria's point of view, a short military engagement — it would probably be halted by joint American and Soviet diplomacy — could bring Israel to the bargaining table. It might also permit Syria to recover the Golan Heights, just as Egypt regained the Sinai following the Yom Kippur war.

Israeli strategists have a high re-

gard for Syria's increased military power, which is backed by Soviet missile batteries. Any engagement, however short, would be very costly in men and material. And Israel's recognition of this could prompt it to undertake a pre-emptive attack — even more likely under a Likud-led government — particularly if President Assad were to overplay his hand in the months ahead.

There is little scope for effective American diplomacy in the face of this new alignment.

The United States' energies are focused on combating terrorism, with or without strong West European support. This is an important effort, but

we should not lose sight of the broader picture.

It is essential that Jordan not slip further into Syria's orbit. We must continue to urge Jordan to put together an acceptable Palestinian-Jordanian negotiating team to meet directly with Israel. And we must press for action soon, while Shimon Peres remains at the helm in Israel.

What tools do we have at our disposal? Nothing extraordinary. Congress has already decided to withhold advanced aircraft from Hussein until he shows a clearer sign of interest. But the King still needs to be convinced that we mean business — that the Administration is actively involved and would continue to press for results if negotiations were to begin. He must be reassured that there is a real alternative to the Syrian option — something more than just another round of inconclusive talks.

The United States must continue to encourage negotiations even in the face of terrorist attacks intended precisely to preclude such talks. If this possibility fails, the area will again be ripe for another bloody and brutal military clash.

WASHINGTON  
James RestonReagan  
At  
75

As he enters the sixth year of his Presidency and the 76th year of his life, Ronald Reagan is undoubtedly the happiest politician in Washington. And no wonder.

George Gallup, who measures happiness, among other things, tells him that 63 percent of the American people think he's doing a good job, and that not even President Eisenhower was as popular after five years in the Oval Office.

The doctors tell him not to worry about last year's cancer scare, and the Russians, on the eve of his birthday, have suggested that maybe the U.S. and the U.S.S.R. could work out a deal to rid the world of atomic weapons by the end of the century.

The President's reaction was interesting. Some of his advisers thought it was a trap, but the President took a different view. "It's just about the first time," he said, not quite accurately, "that anyone has proposed actually eliminating nuclear weapons."

We're studying it with great care." His use of the word "grateful" troubled his colleagues in the Cabinet, but it's clear that Ronald Reagan is no longer the prisoner of his militant rhetoric of the past or of his advisers, but is being very cautious and beginning to think about his role in the last act of his Administration.

Of course you can never tell from month to month where he's going, but lately he has been emerging not as "the Great Communicator" of domestic and military policies, but as the reluctant compromiser with the Congress, the allies and even, hoping he can do so, with the Russians.

There is a difference between what the President says and what he does. He condemned Col. Muammar el-Qaddafi of Libya as "flaky" and as a terrorist who had in effect declared war on the United States. But when Secretary of State Shultz, usually the moderate in his Cabinet, recommended military action against Libya, and Secretary of Defense Weinberger opposed it, the President sided with Mr. Weinberger, imposed economic sanctions against Libya, and sent his aircraft carriers

No longer  
the prisoner  
of his  
rhetoric or  
advisers

into the Mediterranean but held their fire.

The question now is whether he can come to terms with General Secretary Gorbachev in Moscow on the control and elimination of nuclear weapons. How he handles this, even more than how he handles his budget and trade deficits, is likely to determine the record of his Presidency.

All his predecessors in the White House since the last world war have puzzled over this presiding nuclear question of world politics, and all have failed. Now it is Mr. Reagan's turn. Without the control of military expenditures, now costing more than \$700 billion a year in the world, there's little chance of dealing with the budget problems of the industrial nations or the hunger of the poor nations.

Mr. Gorbachev has made a spectacular but ambiguous proposal to eliminate all nuclear weapons by the end of the century. There are some promising aspects to it, but also some hooks. The Soviet leader seemed to be dropping his original demand that the U.S. abandon its research into outer-space defensive weapons. He used a vague Russian word suggesting that while testing and deployment of these weapons was out of the question, "research" might go on.

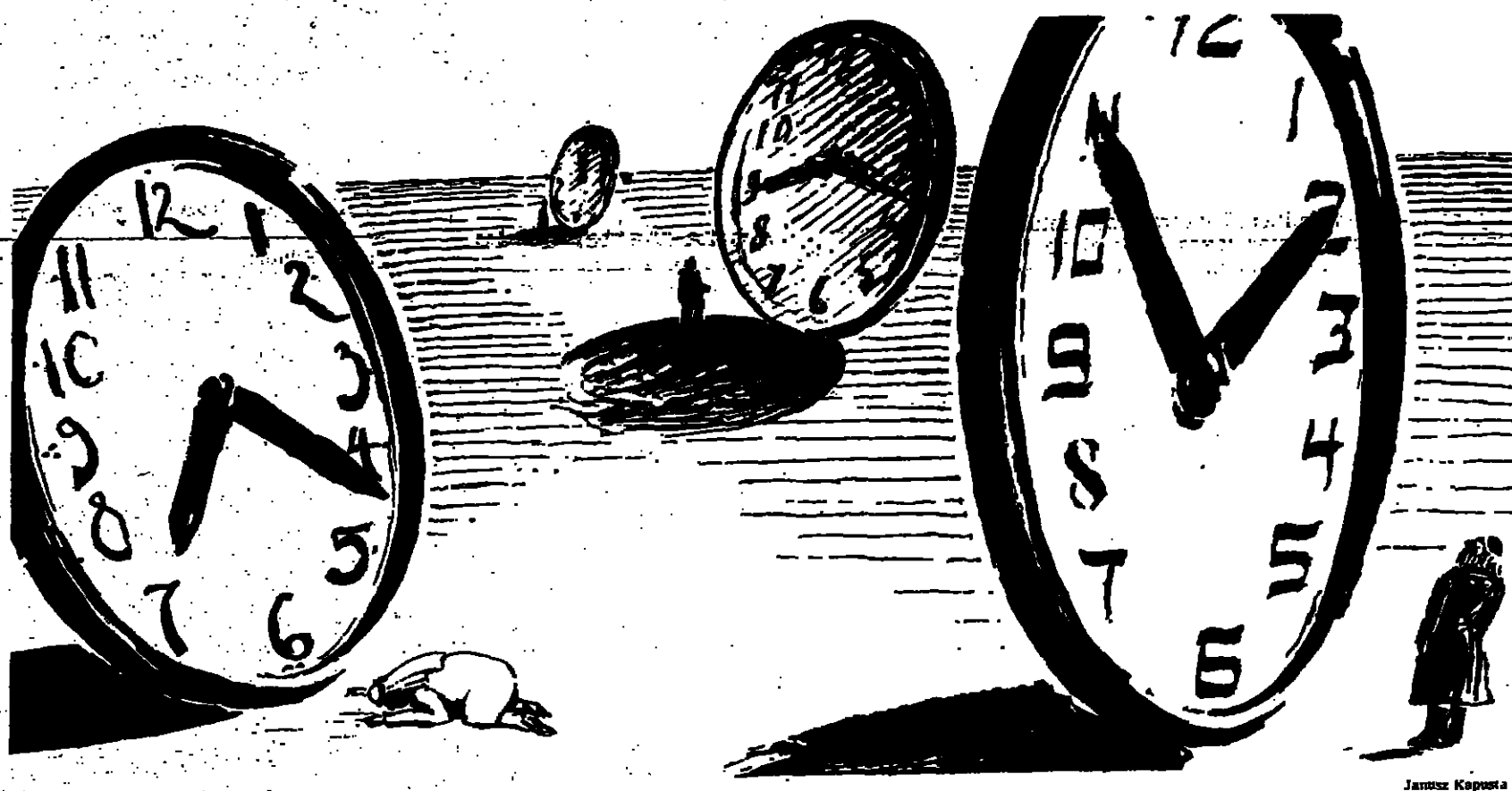
But the nuclear experts in Washington are warning the President that this is really no change, that Mr. Gorbachev is still insisting that there can be no compromise on the reduction of nuclear weapons unless Mr. Reagan abandons his research on defensive weapons in outer space.

In his usual way, the President rejected both the most optimistic and pessimistic views of Mr. Gorbachev's proposal. Maybe it was genuine or maybe it was a fraud, the President seemed to be saying, but let's toss it to the negotiators in Geneva, and see what happens.

Maybe that's why Ronald Reagan, going into the last years of his second term, retains his popularity. He deals with problems one day at a time. When he came out of the hospital from his latest physical examination, thumbs-up as usual, he flew off to Camp David and gave his weekly optimistic report on the state of our affairs.

He keeps proclaiming his anti-government, anti-Soviet, anti-welfare state and anti-Democratic Party policies, but he knows when to pull up, and tends to compromise in the end.

This infuriates his most conservative supporters and baffles his liberal opponents, and they don't know quite what to do about it other than to wish him good health and a happy birthday.



## Why Sell RCA at All?

By Lester Bernstein

When I was an RCA vice president only a decade ago, the lawyers wouldn't even let us use the term "synergy" in our ads about the company's varied operations. The word was supposed to be catnip to the tigers in the Justice Department's Antitrust Division. The lawyers even shrank from a proposal

showing the worldwide scale of RCA's activities — "Not the octopus map!"

Amid today's rage for corporate takeovers, qualms over imagined antitrust violations have been replaced by delight in real ones. RCA is disappearing within the tentacles of the General Electric Corporation, and those who set up the \$6.28 billion takeover assure us, in effect, that what's good for G.E. is good for the country.

One RCA director who approved the deal was William French Smith who, as recent Attorney General, ought to know it won't disturb the pussycats in the Antitrust Division.

Nor is it likely to bother the Federal Communications Commission that G.E., the prospective new holder of

NBC's broadcasting licenses, defrauded the Government on a defense contract from 1980 to 1983 and paid the maximum fine of \$1 million. Under the law, good character is supposed to be required of licensees.

But G.E., now a mere \$28 billion company, is rather special. After the company pleaded guilty to criminal fraud, the Government suspended it from bidding on any new defense business. The suspension could have lasted up to three years under the law; it was lifted after three weeks. A Pentagon official explained that the Government was too dependent on G.E. for too many of its needs not to add new contracts to the company's \$4.5 billion a year in Government business. That's how much clout G.E. had even before it was to become what its chairman, John Welch, foresees as "one dynamite company."

Yet no issue seems to be made of whether there should be limits to the engorgement of power. Instead, looking at the box score in this latest corporate game, we argue whether RCA isn't worth more than the \$66.50 a share G.E. has offered. (I believe it is. In any event, after G.E. collects the \$1 billion in cash and liquid assets now in the RCA till, the effective cost of its purchase, as I figure it, goes down to about \$36 a share.)

Almost no one — except those who work or worked for RCA — asks the question that haunts me: Why sell RCA at all? In his four years as chairman, Thornton F. Bradshaw did a

phenomenal job of turning the company around. Sales and profit rose to all-time highs in 1984 and kept rising last year. In March, Brad — as his friends and colleagues call him — turned over his role as chief executive officer to Robert R. Frederick, the president he had hired from G.E., and planned to phase himself into a consultancy this year at the age of 68.

"Clearly," both men wrote in a joint statement in a quarterly report last July, "RCA's financial condition is exceptionally strong. This strength greatly enhances the company's ability to meet the challenges of the future and to take advantage of the opportunities that lie ahead."

Mr. Frederick still held this view even as the RCA board weighed G.E.'s request for negotiations. He voted no, arguing that RCA's independence would serve its shareholders better. But Mr. Bradshaw carried the issue, and later led the board to its unanimous approval of the takeover. The reason for the deal, the RCA announcement said, was "to generate the critical mass essential to continued leadership in a global economy."

Mr. Bradshaw elaborated to an interviewer: "The one thing that has been keeping me awake at night is, does RCA have sufficient financial strength to carry out what it has to carry out?"

It is hard to accept that a \$10 billion company at the peak of its form simply can't hack it in a global economy. For one thing, RCA's most lucrative opera-

tions, such as NBC and Government business, have no foreign competitors. For another, RCA's failures have not resulted from any lack of vast sums or the willingness to risk them. The Videodisc soaked up hundreds of millions of dollars; it was simply the wrong product for the market. Before the VCR came out of Japan, RCA and Bell & Howell collaborated vigorously for years to build one; they just couldn't get it right at a price acceptable to consumers. (G.E. didn't make one either, and its effort to enter the mainframe computer industry was as abject a failure as RCA's).

RCA has been through the mill of changing corporate styles. For years the buzzword was "diversification," and the company acquired such firms as Hertz, Banquet Foods and CIT to spread risk and grow cash. Then the vogue became a return to "core businesses," and the acquisitions were sold. Both strategies were eagerly promoted by investment bankers such as Lazard Frères who pocketed multimillion dollar fees coming and going — and who will profit again from promoting RCA's self-divestment.

Now the chic wisdom is that only a corporate colossus far larger than RCA can prevail in international markets. I wish Mr. Bradshaw had left his successors the option to try to make it on their own. On Feb. 13, when RCA shareholders meet to vote on the takeover deal, I expect management to hold most of the proxies as always, but I plan to vote no.

A \$10 billion  
company at  
'the peak of  
its form'  
can't hack it  
in the  
economy?



## Gigantism in the Movies: The Bad and the Beautiful



**Out of Control:** Special effects dominate "The Jewel of the Nile," a comedy inflated to the scale of a biblical epic.

By VINCENT CANBY

**A**t the climax of "The Jewel of the Nile," a supposedly lighthearted adventure-comedy filmed mostly in Morocco ("Why do these Third World cesspools always have to be so hot?") says one character in the film by way of a joke), a scheming Arab potentate stages a huge sound-and-light show in the middle of the desert to demonstrate his divinity before the gullible masses.

For the purposes of the none-too-complicated plot, everything goes wrong in a display of spectacular movie technology. As hundreds of Moroccan extras watch, reacting with dutiful agitation, pieces of lighting equipment explode in flames, sparks shower down onto the spectators, the stage rocks, and stunt persons, representing the good guys and the bad guys, shoot at each other and tumble off the tops of temporary towers constructed for the potentate's show.

Like everything else that happens in "The Jewel of the Nile," including a jet airplane that runs amok through the streets of an Arab city and a yacht that blows up off the French Riviera, this climactic sequence is far less funny than dumbfounding. One doesn't laugh. One's stricken with awe, as if witnessing two trailer-trucks col-

lide on a thruway. For the better part of two hours, the movie audience has watched the mildly amusing, battling lovers (Kathleen Turner and Michael Douglas) fiddle with lame sarcasmic lines while enough money to rebuild ancient Rome has gone up in the smoke of the film's special effects.

As it happens, "The Jewel of the Nile" is one of the season's big box-office attractions—a lot of people are responding to it. Variety, the show business weekly, estimates that by the end of 1986 it will have earned \$25 million in domestic rentals against a production cost of \$21 million. That will eventually mean sizable profits.

Yet "The Jewel of the Nile" is also symptomatic of a new, especially virulent strain of gigantism, a disease that Hollywood, in its present economic circumstances, may not be able to survive as successfully as it has in the past. Left untreated, gigantism kills.

Though "The Jewel of the Nile" will wind up in the black, a number of other 1985 movies, made on a similarly large scale, will not be as fortunate. "Perfect," the John Travolta vehicle (a high-tech Model-T), has earned just \$6 million domestically on an investment of \$19 million, and "Year of the Dragon," Michael Cimino's rather gloriously overproduced underworld melodrama, has earned \$7.6 million on an investment of \$18 million.

The awesome scale of these budgets can be understood when one realizes that the average cost of a Hollywood feature last year was a mere \$14.8 million. There once was a time when only so-called spectacle movies were so unnaturally expensive. Today "Perfect," an ordinary contemporary comedy without visible special effects, costs only several million less than "King David," a biblical epic made on a budget of \$22 million (returns to date: \$2.5 million).

Gigantism can currently be found in movies of all sizes, shapes, types and budgets. It's evident both in the inflated cost of a movie and in the manner in which a movie is conceived. Ultimately it has a lot to do with the way in which a movie works on one's emotions. Comedies, in particular (but not exclusively), suffer when the backgrounds or the imposing physical scales of the productions dwarf everything happening in the foreground.

Gigantism is most obviously apparent in a film on the order of John Landis's "Spies Like Us," a small, amiable comedy about a couple of dim-witted American intelligence agents. "Spies Like Us" is a film that, 30 years ago, would have been shot in the studio with, perhaps, a couple of days of location shooting in the California desert. Instead, Mr. Landis and his associates chose to shoot much of it in Washington, D.C., Eng-

land, Morocco (including the exotic town of Ouarzazate used in "The Jewel of the Nile") and Norway, which doubles for Russia in "Spies Like Us" (and for the Hudson River Valley in Hugh Hudson's "Revolution").

Gigantism is also there in the broad, desert landscapes and the sleazy motel buildings chosen for the far more modestly budgeted "Fool for Love." Robert Altman's screen version of Sam Shepard's play originally set in one room. "Fool for Love" actually looks good, but it looks good at the expense of all of the tension—the claustrophobic atmosphere—that made the play work.

Spending a mint of money on sets, special effects or location shooting doesn't automatically mean that a film is in the grips of gigantism. That only happens when the balance—the film's body chemistry—is off. Whatever one might think about Sydney Pollack's "Out of Africa" (cost: \$30 million), one can't imagine that it

could have been made anywhere but in Kenya—the real Kenya—which is as essential to the film as the screenplay, direction and acting. Kenya is a basic ingredient in "Out of Africa," as was India in David Lean's "Passage to India." Norway-as-Russia is simply an extravagance in "Spies Like Us."

Taylor Hackford's "White Nights," in which Mikhail Baryshnikov and Gregory Hines play a ballet star and a hooper trying to get out of Russia, is not a very good movie. However, since the story is set entirely in Russia, the choice of shooting it on look-alike locations in Finland, Portugal and England can be supported. This isn't gigantism—it's just uninspired movie-making. Neither was Steven Spielberg's decision to shoot "The Color Purple" in North Carolina a mistake—only what he chose to do with the locations on which he shot.

Bigness isn't necessarily to be equated with gigantism. "Ran" (Chaos), Akira Kurosawa's reworking of "King Lear," is both the most magnificent and the most expensive film Kurosawa has ever made. Yet every yen he spent to coordinate the action with the landscapes, and even with the weather, is reflected in the nature of the spectacle on the screen. "Ran" demands such painstaking, costly treatment. Films like "The Jewel of the Nile," "Spies Like Us" and Terry Gilliam's "Brazil" do not.

Gigantism places a terrible financial burden on films that shouldn't have to be blockbusters to be profitable. Movie-makers are in danger, not of pricing themselves out of the business (though that's also possible), but of spending themselves into the poorhouse, substituting what are called "production values" for genuine substance.

Gigantism is nothing new. Would-be imitators of D. W. Griffith, and even Griffith himself, could suffer attacks. Cecil B. DeMille lifted gigantism to dizzy heights of solemn excess in his 1956 remake of his own "Ten Commandments." M-G-M's 1936 "Marie Antoinette" was less notable for its performance by Norma Shearer in the title role than for its recreation of the Hall of Mirrors in Versailles, which was substantially bigger than the original.

Gigantism is a part of Hollywood's heritage. It's built into the art that

owes as much to 19th-century theatrical spectacles and to the circus as it does to Edison, Lumiere, Melies, Griffith, von Stroheim and Eisenstein. Gigantism is similar to the kind of virus we carry harmlessly in our systems, that is, until something untoward triggers it into action.

The galloping costs of film production, as well as the galloping profits of those increasingly few films that are successful, have prompted film makers to raise their bets. They stuff their productions with all sorts of superfluous baggage that eventually becomes the only point of the film. The extraordinary popularity of George Lucas's "Star Wars" (trilogy) has been followed by dozens of films sporting the same science-fiction effects but without any of the wit, wisdom and romance of the prototype.

Production values become ends in themselves, as in a film like Mr. Landis's "Blues Brothers," in which the spectacle of the car chases is far more riveting than the comic talents of John Belushi and Dan Aykroyd or the vocal talents of Aretha Franklin.

Steven Spielberg's "1941" was based on a funny idea—the panic on the West Coast created by the appearance of a Japanese submarine shortly after Pearl Harbor. However, the humor is lost in slapstick routines of a scale to do justice to a DeMille biblical epic.

When, in an old two-reel comedy, Stan Laurel and Oliver Hardy accidentally demolish Stan's house while trying to repair the roof, the scale is small. The house is only slightly larger than a tool shed. In Mr. Spielberg's "1941" variation on the same gag, the house that teeters on the edge of a cliff is big. It looks too real. One doesn't laugh. Even someone who has no interest in real estate is inclined to gasp. The gag is neutralized by an awareness of the expense and the planning necessary to set up the gag. One worries about it. Among other things, gigantism is exhausting to watch.

Even though it will make profits, "Spies Like Us," much like Ivan Reitman's "Ghostbusters," works too hard and spends too much money to attain its goal. These movies are flabby. It also seems possible that they are eroding the American movie public's sense of humor. Maybe not. For every "Spies Like Us" or "Ghostbusters," there will be half a dozen similar films that flop.

## 'Morrow' Sketches a Portrait Of a Legendary Broadcaster

By JOHN J. O'CONNOR

**A**lthough arguably the most famous and certainly the most influential news broadcaster of the century, Edward R. Morrow still remains something of a mystery. He was an idealist in a business obsessed with the "bottom line." He had no professional training as a journalist, yet he laid the foundations for broadcast journalism as it has evolved to the present. He showed immense courage in tackling some of the most troubling issues of his day, most notably McCarthyism, but he also played the TV-entertainment game nimbly with shows like "Person to Person," an early entry in celebrity huckstering. A rather withdrawn and dour man, he became a hero to most of his colleagues, so much so that even today they scurry to position themselves under his heroic mantle. Witness the hullabaloo in some quarters of CBS News last year when a filmed early script of the new film "Morrow" was deemed to contain distortions, giving too little credit to some co-workers, too much to others.

"Morrow," which premiered Sunday night, was produced for Home Box Office by the same team responsible for the pay-cable service's "Sakharov," a couple of seasons ago. Herbert Brodtkin is the executive producer, Robert Berger, along with Dickie Bamber, the co-producer, and Jack Gold the director. With the film spanning a period of 25 years, beginning with radio coverage of the London blitz and ending with his death in 1965, there is virtually no glimpse afforded into Morrow's private life. His wife Janet is reduced to a walk-on, asking the kind of silly questions that tie up loose plot ends.

Instead, Ernest Kinoy, the writer, has constructed what he calls "a reflection of the consensus of the public record." Using Morrow's own public statements and assorted memoirs, including those of Fred Friendly and Alexander Kendrick, and even a little-known novel by William L. Shirer, Mr. Kinoy has pieced together a tapestry of attitudes and opinions grounded in fact. In the process, he has been decidedly more successful in illuminating essential issues than in creating full-blooded characters. But then, that is perhaps the hallmark of a Herbert Brodtkin Production.

Mr. Kinoy's "play" is centered for the most part on three key characters. There is, of course, Edward R. Morrow, portrayed by Daniel J. Travanti with excessive restraint. Reaching for a "believable illusion" rather than an imitation, Mr. Travanti brings to his portrayal too much of the taciturnity of his Captain Furillo on "Hill Street Blues." But despite a slightly jarring accent, he does capture the look of the man, not only with the constantly present cigarettes—Morrow later developed lung cancer—but in the special quality of shyness the broadcaster projected when he looked up warily into a television camera.

Then there is William S. Paley, founder of CBS and the man who would personally play a role in proudly making and reluctantly breaking the Morrow career. Mr. Paley is played by the always surprising Dabney Coleman, who just about walks off with the film with his portrait of a cultivated, autocratic boss who is genuinely im-

pressed with Mr. Morrow's conscience and integrity. Mr. Coleman's Paley keeps looking at Mr. Morrow the same way that Mr. Morrow glances at that television camera. And finally there is Frank Stanton, played as a chilly eminence grise by John Goodman. Hired by CBS in the mid-1930's at about the same time as Mr. Morrow, Mr. Stanton, who eventually became the company's president, is seen as the quintessential accountant, preoccupied primarily with the company's "financial position." He is the embodiment of the corporate mentality, not unappreciative of the worth of a Morrow and broadcast journalism in general, but only as they relate to the company's "image" and to keeping the board of directors and stockholders happy.

These three figures keep circling each other. In the beginning, especially in the postwar years when television was just starting to make itself felt, Mr. Morrow has every reason to feel secure. In a relationship with the boss that still remains unique, he plays golf with Mr. Paley and enjoys the rewards of chumminess with those in power. Getting out of an administrative job that made him uncomfortable, Mr. Morrow teams up with Mr. Friendly (Edward Herrmann) on the acclaimed "See It Now" series of weekly half-hour documentaries. The newsman makes the most of his unusual access to the chairman. But the business is changing. Blacklisting for political beliefs has reared its grotesque head. Shows like "The \$64,000 Question" are beginning to make an enormous amount of money for the commercial networks. Mr. Morrow begins to hear grumblings about "See It Now." Perhaps it needn't be on every week. Perhaps it could be done as an occasional special. The program's historic demolishing of Senator Joseph R. McCarthy ("The line between investigating and persecuting is a very fine one," Mr. Morrow began) may have been CBS News's finest half-hour, but, armed with his ever-present polls, Mr. Stanton points out that 38 percent of those watching McCarthy's later reply believed that the Senator proved Morrow was a Communist or "raised serious doubts." Needless to say, that wasn't good for business.

In a showdown scene, when Mr. Morrow asks, "What the hell are we, Bill, pimps for 'The \$64,000 Question'?" a furious Mr. Paley explodes: "It's damned easy to indulge a delicate conscience. . . . You have none of the responsibilities of the real world. . . . There is always somebody else setting up the stage for your miracles." It is Mr. Paley's best shot so far. But the film's heart remains true to Mr. Morrow and his ideals. Later, on the verge of leaving CBS, he gets to tell the boss: "The instrument can achieve and illuminate only to the extent it's used to that end. Otherwise, it's only wires and lights in a box. . . . Something is dying, Bill. It may take a long time, but it's dying." Here is the core of the film, actually taken from one of Mr. Morrow's later public speeches. It remains a significant warning today as most of Mr. Morrow's former colleagues reach the age of retirement, while at the same time the networks have discovered that news, especially in the form of "magazines," can be even more profitable than a situation comedy. The next generation of news broadcasters has yet to prove that hyperactive visuals catering to shorter attention spans can have the profound public impact of, say, a "Harvest of Shame."

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WE WELCOMED Dr. Martin Luther King, Jr., on the evening of March 25, 1968, with the singing of "We Shall Overcome" in Hebrew. He had come to the Concord Hotel in upstate New York to participate in the celebration marking Professor Abraham Joshua Heschel's 60th birthday being given at the 68th annual convention of the Rabbinical Assembly. Colleagues in the civil rights struggle, Professor Heschel and Dr. King had marched hand-in-hand in Alabama, from Selma to Montgomery, in the summer of 1965. The two had challenged the clergy of America to enter the struggle for black civil rights.

"Martin Luther King," Professor Heschel stressed in his own inimitable fashion, "is a sign that God has not forsaken the United States of America. His presence is the hope of America... His mission is sacred, his leadership of supreme importance to every one of us." Then he called upon "every Jew to hearken to King's voice, to share his vision and follow in his way." As Heschel called King forward, the audience of conservative rabbis and their wives rose, as one, to give this non-violent leader and Nobel prize laureate a standing ovation.

After a few opening remarks, Dr. King immediately commented on our song of greeting. His face shining, he noted that "We Shall Overcome" was "something of the theme song of our struggle," and that hearing it in Hebrew, for the first time, was a "beautiful experience."

He did not deliver a speech that evening, instead answering questions which we had submitted earlier. A preacher in the southern tradition, he had a passionate softness in his words. When he urged us to "take a stand for that which is just," his use of the words of Amos "Let justice roll down like the waters and righteousness like a mighty stream" was perfectly natural. His career had been one of striving for equality for blacks but, in a sense, it was a wider struggle for the just treatment of all mankind.

Most of the questions focused on the civil rights movement, but, at one point, they turned to black-Jewish communal relations. He

## A true leader

By DAVID GEFEN  
Special to The Jerusalem Post

argued that anti-Semitism, in its historic sense, did not exist in the black community, but he did not rule out the fact that other forms of anti-Semitism might be present. He was very forthright as to what had to be done.

"I think our responsibility in the black community is to make it very clear that we must never confuse 'some' with 'all' and certainly in the Southern Christian Leadership Conference (King's group) we have consistently condemned anti-Semitism." Then he underlined a basic tenet of his philosophy which made him unique among black leaders. "We have made it clear that we cannot be the victims of the notion that you deal with one evil in society by substituting another evil. We cannot substitute one tyranny for another, and for the black man to be struggling for justice and then turn around and be anti-Semitic is not only a very irrational course but it is a very immoral course, and whenever we have seen anti-Semitism we have condemned it with all our might."

Just after this moving statement, Dr. King made his last and most often quoted pronouncement about Israel. "I think it is necessary to say that what is basic and what is needed in the Middle East is peace. Peace for Israel is one thing. Peace for Arab side of that world is another thing. Peace for Israel means security and we must stand with all of our might to protect its right to exist, its territorial integrity."

Then he waxed eloquent as only he could. "I see Israel, and never mind saying it, as one of the great outposts of democracy in the world, and a marvellous example of what



Martin Luther King

can be done, how desert land almost can be transformed into an oasis of brotherhood and democracy. Peace for Israel means security and that security must be a reality."

Ten days later, on April 4, 1968, he was dead, the victim of an assassin's bullet in Memphis, Tennessee. The voice of Dr. King had been silenced, but his spirit lived on, bringing change to America and serving as an example to the rest of the world.

BORN IN Atlanta, Georgia in 1929, King was raised in his father's Ebenezer Baptist Church. Earning a doctorate at Boston University, he became a pastor in Montgomery, Alabama in 1954. In that city, he initiated his non-violent campaigns, boycotts and sit-down strikes aimed at rolling back the segregation laws then in existence there and in other parts of the South.

Returning to Atlanta in 1960 to be co-pastor with his father, he subsequently organized the Freedom Rides of the early Sixties and, among other memorable acts, the demonstration against the infamous Bull Connor in Birmingham, Alabama. During the summer of 1963, as the leader of the march on Washington D.C., he delivered his famous "I Have a Dream" speech on August 28 at the Washington monument. In 1964, at the age of 35, he was the youngest man ever to be awarded the Nobel Peace Prize. Four years later, at the height of his powers, he was assassinated.

Today, on what is in the U.S.

a national holiday, Martin Luther King Day, the State of Israel is recognizing Dr. King and the importance of his work. The process began several years ago when the King Memorial Forest was planted in Galilee.

THE CITY of Jerusalem and the State of Israel have chosen two ways to mark his memory. At noon today a street next to Liberty Bell Park will be named in his honour in the presence of Acting Prime Minister Yitzhak Shamir, U.S. Ambassador Thomas Pickering and Mayor Teddy Kollek. Rabbi Alvin Sugarman, rabbi of the Temple in Atlanta, a close friend of the King family and an activist in the ongoing Jewish-black dialogue, is now visiting in Israel. He and his wife will be participating in the ceremony. He believes that "the dedication of this Jerusalem street in King's memory will serve as a beacon of inspiration to all those wishing to bridge the gap between the people of Israel and all peoples in the Middle East."

Later in the day, a reception at the Chagall Hall in the Knesset will be addressed by Shamir, Pickering, Minister without Portfolio Moshe Arens, MK Abba Eban and Henry Kissinger. When the session of the Knesset opens, a tribute will be paid to King's memory by Knesset Speaker Shlomo Hillel and Education Minister Yitzhak Navon.

Twenty-three years ago, while Dr. King was leading the march on Washington, my wife and I were students in Jerusalem. The newspaper and radio descriptions conveyed some of the meaning of that event. It was only a week later, however, while attending a movie, that we really understood its universal impact. As we watched that famous march on a newsreel preceding the feature film, a young Israeli behind us stopped cracking his sunflower seeds and listened as King intoned the words "I have a dream." "Zeh manig (that's a leader)," he said aloud to his girlfriend.

In the city of Jerusalem, a city of prophets and dreamers, Martin Luther King, Jr. Street will ever be a testimony to that great leader who "stood for freedom, for justice and an end to bigotry."

## New year for nature

GARDENER'S CORNER  
Walter Frankl



Harbinger of spring: wild cyclamen.

(D.R. Guthrie)

JANUARY AND Tu B'Shvat mark new year for nature. Days have begun to lengthen and soon this will have an effect on plants, especially those in our homes or on closed balconies. With more natural light most house plants slowly awake from their winter dormance in February, and regular waterings and feedings begin simultaneously. Spring almost seems to be here in Jerusalem with almond trees already in bloom and the first wild cyclamen decorating our forests. Experienced gardeners know, however, real winter can return with a vengeance with heavy rains and frosts.

The subject of my last column is continued here—describing popular house plants offered at florist shops.

**Cyclamen.** I write about cyclamen in winter because so many potted ones appear now at nurseries and florists. This plant generally blooms from early autumn until winter, just when nearly all other flowers in the garden have faded. So how is it that we can now buy cyclamen in bloom in white, yellow, bronze, lilac, red and pink? Or, for that matter, how is it that we find cyclamen in summer? The answer is that the plants are "tricked" by artificial shading with black cloth. By shortening the light exposure, we may enjoy cyclamen flowers in summer and by reversing the process with artificial light, we can make cyclamen flower in winter.

The potted cyclamen now available for NIS 3-4 each will no longer behave like the popular perennial we grow in our gardens. Like the wonderful primulas and cinerarias also now appearing on florist shelves they should be thrown away after their blooming period of 3-4 weeks. They don't need special attention. Keep them cool, water well and do not feed. When flowering ceases, discard the plant.

The garden cyclamen is a must, I believe, for every amateur gardener. It is such an interesting and decorative plant with long-lasting multicoloured flowers in various shapes. And the cyclamen is so easy to grow, you shouldn't miss out on it. A native of the Far East, the mum should go into our flower beds and balcony containers next month or early in March.

**Chrysanthemum.** whose name comes from the Greek *chrysos* (gold) and *anthos* (flower) belongs to the vast composite family of some 200 species. Its Hebrew name is *hartzit*. Mum varieties range from miniatures about 15 cm. tall to shrubs 4 metres high, with flowers in a bewildering variety of forms and colour. You can find mums in almost every possible hue except for green and blue.

**How to grow.** Prepare a deeply dug and well-manured flower bed in a sunny location or fill large containers with a medium-light soil, mixed with well-rotted compost.

Buy plants at your nursery or ask a neighbour for some bare cuttings (or rooted runners) in February or

The late Rachel Yanait Ben-Zvi was the first to grow chrysanthemums professionally in Israel at her Havat Halimud school in Jerusalem during the Forties.

The Christmas Cactus. It's after Christmas now, but this well-known, mostly pink-flowering potted cactus is still offered everywhere on florists' shelves.

In the light of current investigations, it is now fairly well established that the botanical name of this plant is *Schlumbergera* after Frederic Schlumberger a 19th century German botanist. Confusion about the correct botanical name existed for years. A century and a half ago a spineless, much branched epiphyte with short, flattened joints, was discovered in the mountains around Rio de Janeiro, where it grows on tops of jungle trees. It was placed erroneously in the genus *epiphyllum* and named *Epiphyllum truncatum*. The name comes from Greek *epi* (upon) and *phylon* (leaf). *Truncatum* means blunt (as if cut off). Since it flowers at the end of December, it was popularly called the Christmas cactus.

Years later similar cacti were discovered in the rain forests of southern Brazil. All have the same Latin (botanical) names though they differ in their blooming periods and so are called in English Thanksgiving cactus (flowers October-November) or Easter Cactus (flowering April-May).

The plant is made up of small flat segments, which branch and re-branch to form a dense mound of arching and pendant limbs. At their tips they produce brilliantly coloured flowers, whose petals appear in about three series, so that the whole looks like a flower within a flower.

**How to grow.** Growing the Christmas Cactus is not at all difficult. Since these species are jungle inhabitants, they prefer an acidic soil mix, rich in humus and leaf mould, and an ample supply of water in addition to warmth and partial shade. A rest period of 2 months after the flowers fade is very important if abundant bloom is to be expected. No waterings or feedings during dormancy. If possible, keep the plants outdoors during the summer in a shady location, where air circulation is good. Don't change the position of the plant once the first flower buds appear; otherwise the buds will drop.

My next column will describe rose pruning, which should be done in late January or early February.

If every amateur gardener would do everything he can to beautify his garden for spring and summer, then our country would become more beautiful. One of the cheapest ways of improving the landscape is to sow nasturtium (*kova hanazeer*). Sow it in flower beds, in balcony containers, in tins and flower pots and in hanging baskets on your window sills and everywhere. My next column will provide more particulars.

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### Just in case

A STORY is told of Prof. Tur-Sinai, the eminent philologist, who used to live at 18 Arlosoroff Street, Jerusalem. One day someone built a house on an empty lot nearby, obliging the municipality to move up the numbers on that side of the street, so that the professor's 18 would become a 20. Tur-Sinai, the story goes, refused to give up his lucky number, which in Hebrew numerology stands for *hai*, i.e., "live." I'm not quite sure what happened next, but I think the professor triumphed over the bureaucrats in the end and kept his 18. He's dead now, *hai* or no, and one can't ask him.

A belief in magic numbers is only one mark of the superstition that's in all of us. We don't, sane and sober individuals that we are, go out of our way to avoid a black cat; we only feel an ever so slight, momentary, shame-faced twitch of relief when it crosses the pavement behind us. We don't actually keep our fingers crossed, and we say "knock on wood" just by way of speaking, rather than as a non-believer says "thank God." We do say it, though. Out of habit. Or just in case.

We are particularly susceptible where it concerns our children. "He eats like a horse," your Israeli will say, and add quickly, unthinkingly, *blee ayin hara*, which translates roughly as: "But let's not put ideas

### RANDOMALIA

Miriam Arad

into the devil's head." Evil must also be warded off when the least criticism is voiced of a child: "He'd rather play outside all day than read a book, *shayyide barer* (maybe he's healthy)."

A YOUNG, well-educated Israeli mother was telling me about her husband's family the other day. "They are a bit primitive, you know," she said. "They were all on me for wanting to prepare the baby's things ahead of time. It's supposed to bring bad luck or something. Of course," she added, "I didn't listen to them. I'm not crazy." The note of pride in her voice was clearly discernible. She had defied the family, which took some guts, and in the process had spit in the devil's eye. She wasn't crazy, but she did think herself rather brave just the same.

We're not superstitious, we just feel a twinge of apprehension when we accidentally break a son's favourite cup on the day that son is due to get married or go abroad for a year. It's a bad omen, and thousands of years of believing it's a bad omen can't quite undo a few hundred years of knowing it's not. Hoteliers, to get back where we started, must know what they are about when they skip 13 in numbering their hotel rooms.

### Israel association for American studies

PASSAGES TO AMERICA: Continuities and discontinuities in the immigration experience

January 25-26, 1986

Moshav Neve Ilan Guest House

The Israel Association for American Studies

In cooperation with

The American Cultural Centre

**PROGRAMME:**  
Sunday, January 25, 1986  
5.00-6.00 p.m. Registration and Coffee  
6.30-8.30 p.m. Dinner and Keynote Address  
Chairman: Prof. Ilan Troen  
Prof. Nathan Glazer, Harvard University  
Topic: "The Post World War II Immigration: Changes and Continuities in Social Policy"  
9.00 p.m. Film: "The Emigrants" (1971).

**Monday, January 27, 1986**  
9.00 a.m. "The Ethnic Experience as Reflected in Literature"  
Chairman: Dr. Hans Wirth-Nesher  
Prof. Rudolfo A. Anaya, author, University of New Mexico  
Topic: "Mexican-Americans"  
Prof. Janet Dunaway, University of Wisconsin  
Topic: "Irish-Americans"  
11.00 a.m. "Language Change and Immigrant Poets"  
Chairman: Dr. Emily Sundick  
Mr. Raouven Ben-Yosef, poet, Israel  
Prof. Richard Sherwin, poet, Bar-Ilan University  
12.30 p.m. Lunch  
2.00 p.m. "The Various Paths Towards Americanization"  
Chairman: Dr. Mechal Sobel  
Prof. Frederic C. Jaher, University of Illinois  
Topic: "Rights of Passage 1880-1914"  
Prof. Edith Rogovin Frankel, The Hebrew University  
Topic: "Russian Jews in Israel and the U.S.: The New Immigration"  
3.45 p.m. Coffee  
4.00 p.m. "Patterns of Immigration"  
Chairman: Prof. Aryeh Goren  
Prof. Walter T.K. Nugent, University of Notre Dame, Indiana  
Topic: "Rights of Passage 1880-1914"  
Dr. Edith Rogovin Frankel, The Hebrew University  
Topic: "Russian Jews in Israel and the U.S.: The New Immigration"  
6.30 p.m. Cocktails and Dinner  
9.00 p.m. Film: "The New Land" (1972).

**Tuesday, January 28, 1986**  
9.00 a.m. "Immigrants as a Medium for the Transfer of Ideas"  
Chairman: Prof. Ilan Troen  
Dr. Aryeh Nesher, architect-planner, Israel  
Topic: "The Bauhaus in Israel and America"  
10.45 a.m. Business Meeting

Membership and conference fee: \$20.00 (payable in New Shekels)

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## MARKET PLACE

Ya'acov Friedler

## Zim - the line that refuses to sink

For the past year and a half economic correspondents have been falling over each other with news of the imminent demise of Zim, the national shipping company. But Zim, which operates more than two thirds of Israel's merchant fleet, refuses to sink.

Despite the decade-long, world-wide shipping slump, which has already taken some of the biggest international companies to a watery grave, Zim actually chalked up a net profit of \$8.2 million on a turnover of \$702m. for 1985. It did this after paying off \$60m. in debts and interest.

Although this is not a signal that Zim has weathered the storm, it is keeping afloat and is the envy of not a few other lines.

The company still has debts of \$456m. Some \$300m. of this is owed to Bank Hapoalim and Bank Leumi. To keep afloat Zim must reschedule these debts and to do so it needs government guarantees. The government, which owns 40 per cent of Zim, will guarantee only if the other major shareholder, the Israel Corporation, which holds 50 per cent, will counter-guarantee. The problem has been on the government's agenda for the past two years, ever since the Shaul Eisenberg group took over the Israel Corporation. The Histadrut owns the remaining 10 per cent.

If Zim did default, the cash would reverberate throughout the economy and in the worst-case scenario drag down the banks, too, not to mention the loss of 2,500 jobs. Yet, after the waters closed over the wreck, the government would still have to maintain a minimal merchant fleet, to assure the country's supply lines.

It is thus a vital national interest to keep Zim afloat, trimmed and leamer certainly, but seaworthy.

The repeated press report of its imminent sinking, quite apart from having been incorrect, hardly enhanced Zim's standing in the world's money and cargo markets. But then, of course, the press is not answerable to Zim's shareholders.

Dr. Nattali Wydra, the highly regarded head of the Israel Shipping Research Institute, thinks that in view of the continuing shipping crisis, aggravated by Zim's specific own problems, the line's survival is something of a minor miracle.

He attributes the company's "remarkable" bouncing back in 1985 to the end 15 months ago of the cut-throat price war on Israel's home-

In the first eight months of 1985 Zim also did very well on its Pacific lines, as did all ships there, thanks to bumper U.S. imports. In the last quarter the economic skies darkened, due to the cheaper dollar, the winds of protectionism and greater competition on those routes.

The falling dollar also helped Zim, since the wages of its crews are pegged to the dollar. Finally, there were the very considerable savings achieved by economizing and by raising fuel efficiency. Zim's ageing ships are real fuel guzzlers.

Zim's problems, now that it is on the rebound, are long-term. Wydra holds. The ageing fleet is both its most serious handicap and greatest asset, because as matters stand, Zim is unable to renovate its fleet. This is deplorable, because "now is the time to order modern ships, since order-hungry shipyards demand 40 per cent less than they did even four years ago - and this for ships that are 30 per cent more efficient in crew and fuel savings."

Unfortunately, Zim has historically been severely under-capitalized. Its paid-up capital never exceeded a ludicrous \$500,000, which was fine as long as reserves from many boom years were available to buy new ships.

But financing alone is not everything. The seamen's, and particularly the marine officer's, adamant refusal to reduce complements in line with those on western ships, has made Israel's ships overstaffed and substantially more expensive to run than those of Germany and Britain, for instance. Thus the risk of investing in more efficient vessels and then having to run them with outside crews, is quite forbidding.

If Zim waits too long to renew its fleet, it may end up paying double for better ships by the time the officers agree to reasonable crew sizes and the funds are made available.

The government not only has failed to grant any aid, subsidies or incentives to shipping, it also refuses to allow it the benefits of other export industries.

## Lack of medicine blamed on government

By LEA LEVAVI  
Jerusalem Post Reporter

TEL AVIV. - The shortage of medications for the chronically ill and aged among Histadrut health fund members is due to the government's failure to hand over \$6.5 million of the \$10m. promised it, fund chairman Haim Doron told the press yesterday.

"The fund is also waiting for a government response to a demand for compensation for salary erosion, since membership dues and the contributions paid by employers are based on salaries."

The fund has lost over \$31m. because of salary erosion in the economy, Doron said.

"We have over \$7m. worth of medicines in storage at the ports, but we don't have the money to get them out," he said. "They've maneuvered us into a situation where we cannot get credit from the banks and where the government is charging us for services provided to our members in government hospitals in cases where we could have provided the same service ourselves more cheaply."

The government's share of the fund's \$647m. budget in the current fiscal year is 8.3 %, compared to

almost 30% in 1978-9. It will go down to either 7.3% or 5.9% - depending on which of two alternatives the government selects - in the coming fiscal year.

Doron spoke against the development of private medicine in publicly-funded facilities. "Private medicine shouldn't be parasitic; anyone who wants private medicine should invest private capital in it."

He described as "misleading" a new cancer insurance programme and said the companies offering it were using fear of a particular illness to sell insurance.

## Recession recedes in late 1985

By AVI TEMKIN  
Post Economics Reporter

The economic recession receded during the last quarter of 1985, a survey of companies conducted by the Bank of Israel has found. According to the survey production, sales and export orders went up, compared to the previous six months.

The survey also found that company managers expect economic activity in the current quarter to be greater than it was in the October-December period of 1985.

The volume of credit rose in the last quarter and there was a decrease in the level of inventories of raw materials and finished products. A

rise in investments is expected in the first months of 1986.

Despite the generally optimistic figures, the survey did not encounter expectations of a significant improvement in the employment situation. On the other hand, there were also no expectations of a rise in unemployment.

**AIRFREIGHT** - Egypt's Ministry of Tourism and Civil Aviation will raise air freight charges by 60 per cent this week, the semi-official daily *Al-Ahram* reported. The decision follows the introduction of a similar hike on the cost of air travel two weeks ago.

## 15% increase in exports is minimum goal

By MACABEE DEAN  
Jerusalem Post Reporter

TEL AVIV. - The minimum increase in exports during the current year should be 15 per cent; "anything less must be considered a failure in our export drive," Rami Gint, director-general of the Export Institute, said last week.

For its part, the institute is arranging for Israeli participation in 58 international fairs and exhibitions - compared to only 40 in 1985. "To the best of my knowledge, Israel is taking part in more such international events than any other Western country."

## Tel Aviv Stock Exchange

## MARKET STATISTICS

Indices:			
General Share Index	98.08	0.00%	
Non-Bank Index	102.44	+0.72%	
Arrangement Index	98.08	-0.33%	
Insurance	104.39	+2.35%	
Commerce Services	102.50	+0.80%	
Real Estate	110.81	+0.85%	
Investment Cos.	104.83	+0.65%	
Industrials	101.95	+0.53%	
Textiles	104.43	+1.58%	
Metals	98.67	+0.06%	
Electronics	98.16	-0.77%	
Chemicals	102.30	-0.88%	
Industrial Invest.	102.02	-0.22%	
General Bond Index	99.27	-0.38%	
Index-linked Bonds	98.76	-0.30%	
Fully-linked	100.80	-0.04%	
Partially-linked	99.56	-0.26%	
Dollar-linked Bonds	97.46	-0.67%	
Short-term 0-2 yrs	99.29	-0.33%	
Medium-term 2-5 yrs	99.08	-0.28%	
Long-term 5+ yrs	98.01	-0.73%	

## SELECTED PRICE QUOTATIONS

Name	Price	Volume	%
<b>Commercial Banks</b>			
Maritime 1	756	1138	-1.1
First Int'l	2500	2165	+1.0
First	2500	3517	+1.4
<b>Commercial Banks</b>			
(part of "arrangement")			
IDB	74841	441	-1.8
Union 0.1	55400	113	-0.9
Discount	95100	128	-0.8
Mizrahi	30500	880	-0.8
Hapoalim r	50755	1418	-0.1
General A	129400	8	-0.8
Leumi 0.1	32230	960	-0.2
Fin Trade	43750	—	-0.3
<b>Mortgage Banks</b>			
Leumi Mort. r	3375	81	-2.0
Dev. Mort.	862	1073	+3.8
Mishkan r	1680	135	—
Tefahot	10630	52	-0.7
Masv r	1651	152	+2.5
<b>Financial Institutions</b>			
Agrioc	24500	2	+4.3
Ind. Dev. DD	not trading		
Ind. Leasing 0.1	4680	—	+0.2
<b>Insurance</b>			
Asrat 0.1 r	2185	122	-4.2
Hassanah r	2150	3518	+2.8
Mishkan r	1235	1387	+7.4
Phoenix 0.1	4900	4	+4.3
Hamishmar	5740	14	-1.0
Menorah 1	2600	18	+3.1
Sahar r	7285	—	+1.1
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## FINANCIAL DATA: ISRAEL, EUROPE, U.S.

## Israel Money Markets 17 January 1986

## SHEKEL INTEREST RATES

PRIME BORROWING RATE: 2 1/2% per month Unlinked Deposit (Annual Rates)

	LAST UPDATED	TAPAS	PAKAM 7-DAY	PAKAM 30-DAY
LEUMI	15.1	12-25%	12-25%	12-25%
HAPOALIM	9.1	15-25%	20-25%	21-25%
DISCOUNT	9.1	14-25%	15-25%	16-27%
MIZRAHI	9.1	12-18%	12-24%	12-24%
MIZRAHI	9.1	16-30%	20-26%	25-28%

FIRST INT'L

Rates vary according to size of deposit.

(Tapes: demand deposit paying daily interest.

Pakam: fixed-term deposit available from 7 to 58 days.)

## PATAH — FOREIGN CURRENCY DEPOSIT RATES (as of January 15)

	3-MONTHS	6-MONTHS	12-MONTHS
USD	7.750	7.750	7.750
STG	11.750	11.750	11.750
DMK	4.125	4.125	4.250
SPR	3.375	3.375	3.500
YEN	—	—	—

Rates vary according to size of deposit and are subject to change.

## SHEKEL FOREIGN EXCHANGE RATES

COUNTRY	CURRENCY	CHEQUES AND TRANSACTIONS	BANKNOTES	BANK OF ISRAEL Representative Rates
U.S.A.	DOLLAR	1.4878	1.4878	1.4878
UNITED KINGDOM	STERLING	2.1236	2.1500	2.1376
FRANCE	FRANC	5.9888	5.9822	5.9822
GERMANY	MARK	1.9500	1.9750	1.9623
HOLLAND	GULDEN	53.13	53.75	53.55
SWITZERLAND	FRANC	7.081	7.169	7.125
SPAIN	PESETA	1.934	1.968	1.947
NORWAY	KRONE	1.942	1.966	1.954
DENMARK	KRONE	1.936	1.956	1.947
FINLAND	MARK	2.718	2.750	2.733
CANADA	DOLLAR	1.0482	1.0523	1.0522
AUSTRALIA	DOLLAR	1.0254	1.0382	1.0309
SOUTH AFRICA	RAND	6.325	6.404	6.347
BELEM	FRANC	2.880	2.928	2.904
AUSTRIA	SCHILLING	35.10	35.10	35.10
ITALY	LIRE	3.773	3.882	3.830
JAPAN	YEN	7.298	7.389	7.389
JORDAN	DINAR	—	—	—
EGYPT	POUND	—	—	—

(Supplied by Bank Leumi Leumi)

## European Financial Markets

## Precious Metals

GOLD:	LONDON	A.M. FIX	357.25	P.M. FIX	—
SILVER:	PARIS	NOON FIX	361.83	ZURICH P.M.	353.50
PLATINUM:	LONDON	FIX	618.75		
PALLADIUM:	LONDON	P.M.	362.50		
		P.M.	104.25		

## FOREIGN CURRENCY CROSS RATES (London 15.30GMT)

Forward Rates

	SPOT	3 MONTHS	6 MONTHS	12 MONTHS
POUND STERLING	1.4890/90	1.4871/80	1.4843/52	1.4815/24
DEUTSCHE MARK	2.4625/40	2.4625/40	2.4625/40	2.4625/40
SWISS FRANC	2.0920/40	2.0920/40	2.0920/40	2.0920/40
DUTCH GULDEN	1.631/68	1.631/68	1.631/68	1.631/68
FRENCH FRANC	7.7550/25	7.7550/25	7.7550/25	7.7550/25
JAPANESE YEN	202.25/25	202.25/25	202.25/25	202.25/25
ITALIAN LIRA	1677.00/0	1677.00/0	1677.00/0	1677.00/0
NETHERLANDS DOLLAR	50.25/35	50.25/35	50.25/35	50.25/35
HONGKONG DOLLAR	7.8000/80	7.8000/80	7.8000/80	7.8000/80
S.AFRICAN RAND	0.4350/55	0.4350/55	0.4350/55	0.4350/55
AUSTRALIAN DOLLAR	1.4010/20	1.4010/20	1.4010/20	1.4010/20
SWEDISH KRONA	0.6950/05	0.6950/05	0.6950/05	0.6950/05
NORWEGIAN KRONA	7.6200/00	7.6200/00	7.6200/00	7.6200/00
DANISH KRONA	7.4625/25	7.4625/25	7.4625/25	7.4625/25

Formula for determining forward rates:

high/low (eg. 2202/10) — Deduct from spot price.

low/high (eg. 2210/20) — add to spot price.

## New York Financial Markets

## WALL STREET Closing Prices

Dow Jones Indices				
IND	1,535.88	-6.74		
TRANS	716.64	+4.15		
UTILS	172.75	-0.88		
NYSE COMP	120.33	-0.29		
NASDAQ COMP	330.72	+0.71		
S-P 500 INDEX	202.35	-1.59		
S-P COMB INDEX	208.43	-0.74		
AMEX INDEX	247.68	-0.56		
<b>Statistics</b>				
NYSE	VOL 129,465,210	STOCKS UP 801	DOWN 757	
NASDAQ	VOL 123,908,100	STOCKS UP 1,187	DOWN 783	

## Comment

WALL STREET STOCKS LOWER IN LATE TRADING: The stock market was falling rapidly in late trading Friday after a rally attempt proved short-lived.

The Dow Jones Industrial Average was off 13 points to 1528. Traders said sell programmes related to index futures and options accounted for the sudden about-face.

Advances and declines were close to even on volume of 118,300,000 shares.

IBM led the advancers, off 8 1/2 to 150 1/2. IBM had fourth quarter earnings of \$4.36 per share, compared with \$3.55 in the same period a year earlier. For the year, IBM earned \$10.67 per share, down from \$10.77 in 1984.

## ISRAELI STOCKS Traded in New York:

NYSE and ASE	Last	Prev. Close	High	Low	Vol ('00s)
Alliance	8 1/4	8 1/4	8 1/4	8 1/4	3
Am Int Pap	2 1/4	2 1/4	2 1/4	2 1/4	26
Ampel	2 1/4	2 1/4	2 1/4	2 1/4	95
Eleclint	3 1/4	3 1/4	3 1/4	3 1/4	61
Ez Levud	9 1/4	9 1/4	9 1/4	9 1/4	558
Laser Inds	11 1/4	11 1/4	11 1/4	11 1/4	—
<b>Over the counter</b>					
Bank Leumi	last	bid	ask	last	bid
Eilat	—	20 1/4	22 1/4	—	4 1/4
Eilat Tel	8 1/4	8 1/4	8 1/4	12 1/4	11 1/4
Elron	7 1/4	7 1/4	8 1/4	8 1/4	9 1/4
Elronica	15 1/4	15 1/4	15 1/4	8 1/4	7 1/4
IDB Bank	5 1/4	5 1/4	5 1/4	5 1/4	3 1/4
IS	—	—	—	—	3 1/4

Overseas financial data — from Reuters exclusively to The Jerusalem Post.

## IMF loans Mexico \$315m. as quake compensation

WASHINGTON (AFP). - The International Monetary Fund has announced a special loan to Mexico of \$315 million to help cope with balance of payments difficulties resulting from the earthquake

that killed at least 5,000 people last September. But Mexico also needs another \$385m. in foreign loans, the IMF estimated, because of these difficulties, which include loss of tourism

revenue following the quake, cost of special imports to deal with the quake emergency and loss of export earnings due to that disaster.

Mexico is also negotiating with the IMF to renew a \$900m. stand-by credit with strict conditions concerning economic policy, because of Mexico's foreign debt of \$96.4 billion, second only to Brazil's debt of \$104b.

The stand-by agreement will be the first step toward obtaining an additional \$4.5b. in loans from creditor banks.

**SELOMO GROFMAN**, managing director of Africa-Israel Investments has joined the directorate of the Israel Land Development company. He replaces Dr. I. Kashiv, who resigned following his overseas appointment as a representative for Bank Leumi.

**ROLLS-ROYCE**. - Sales of Rolls-Royce cars in the United Arab Emirates dropped by 15 per cent in 1985 because of the recession, officials with the local agents, Al Habtour Automobiles, said. They said that 48 cars costing between \$103,000 and \$114,000 were sold in 1984.

## THE ISRAEL ECONOMIC AND BUSINESS REVIEW 1985

The Israel Economic and Business Review is the most comprehensive source of economic and commercial information and analysis of the



# THE JERUSALEM POST

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## What Peres didn't pack

THE prime minister has gone off to Europe to advance Israel's cause, and achieve some diplomatic goals. The timing of his visit is auspicious enough. He can point to the Cabinet's decision on arbitration for Taba, the newly established diplomatic relations with Spain, and his continued interest in pursuing the Jordanian option as indicators of his government's and his country's directions.

But what he has left behind composes a rather different picture than the hopeful and favourable image of the nation which Mr. Peres conjures up in the minds of people abroad.

The economic reform programme is now about to meet its formidable tests: new wage negotiations, heralded at least indirectly by the threat this week of a nation-wide nurses strike.

On the political front, his Herut coalition partner is locked in bitter internal rivalries that promise only to become more ferocious. Were this simply an internal party problem, it would not merit general concern. However, since Herut presides over a large measure of governmental power, speaks to a large constituency, and can determine events, the internecine battles are not a private affair. Quite the contrary, as the contests heat up, the contenders engage in ever more contentious public acts, designed to score points with the party faithful.

Inevitably, given the history and inclinations of this party, such acts are assertions of chauvinist or partisan passion, whether on the Temple Mount, settlement or coalition relations. Personal political advantage, it is felt, lies in notorious demarcation from the modulated policies of Mr. Peres.

Even Mr. Shamir, whose party fate is bound up with making the rotation agreement work, felt it necessary to hijack history for partisan purpose in response to Spain's decision to establish diplomatic ties. Evidently fearful that this might be interpreted as an achievement for Mr. Peres and the Labour Party, the foreign minister dredged up Ben-Gurion's supposed rejection of relations with Franco Spain in 1949, to term it a "mistake." Did Mr. Shamir intend to imply that Herut, which made a career of opposing relations with Adenauer's Germany, supported relations, only four years after Hitler's demise, with his ally Franco?

If partisan extremism runs rampant in the political arena, an even more perilous extremism continues to spread in some orthodox circles. When a Shas deputy mayor of Jerusalem asserts that Arabs should not be permitted to reside in the suburb of Neve Ya'acov on the road to Ramallah, this is followed by a rabbinic ruling, issued by the Sephardi Chief Rabbi, that in Israel, Jews are forbidden to sell property to non-Jews.

True, a spokesman quickly explained that the chief rabbi was merely submitting a ruling based on the Tora, and not providing a political directive. The ruling would, he said with apparent relief, continue to be violated, just as other halachic rulings are violated.

From that it could be inferred that the chief rabbi, as a matter of practical politics, understands that the positions to which it is driven by its halachic premises are not given to implementation. But the positions, no matter how potentially inflammable, must be asserted.

Yet there are growing numbers of persons who are not content to rest with such an expedient disjunction between fundamentalist halachic exegesis and life. They seek application now. And they are inspired to action, sometimes violent, against the liberal and tolerant usages of a secular society and secular government.

All these troubling and destabilizing trends of the Israeli polity today, whether on the level of economics, religion or party politics, Mr. Peres left behind him. They will not emerge through the protocol and public relations of his appearance on the European stage. But they will be waiting for him when he comes back, as they wait for his countrymen.

## B-G AND SPANISH TIES

(Continued from Page One)

heads of mission from Madrid, and barred Spain from membership of the UN or its specialized agencies.

This was the situation that Israel found when it came into existence in 1948.

In 1950, the UN General Assembly voted to rescind the diplomatic boycott, Israel, and several of its key Latin American friends (as well as the Soviet bloc), voted against that U.S.-supported resolution. Most western countries, among them Britain and France, abstained.

Rafael, then a member of the Israel mission to the UN, recalled that the Spanish socialist opposition - then in exile, now in power - "strongly lobbied us to vote against the resolution."

In 1955, Israel voted "without hesitation" in favour of Spain's admission to the UN, Rafael continued.

He insisted that throughout this

period, and subsequently, there had been no Spanish government overture to Israel to set up diplomatic ties.

Asher Wolfish adds: Netanel Lorich, president of the Ibero-Israel Institute for Cultural Relations, also recalled the specific request of the Spanish Socialist Party and other democratic opposition parties, while they were still underground.

After the fall of the Franco regime 10 years ago, when Israel put out feelers to Spain about relations, and some Spanish officials commented that Israel's "no" at the UN had slighted Spanish pride, the document was produced to show what lay behind that "no." Also produced was a letter of thanks to Israel from the Spanish Republic in government-in-exile of the day. Subsequently, there were no more reproaches about slighting Spanish pride.

## PERES AND GONZALEZ

(Continued from Page One)

him for many years. It's paradoxical that during my term as prime minister relations with him have been less easy than in the past.

"This was because we had no diplomatic relations. Now that this has been righted, I hope not only that our friendship will prosper even more, but that cooperation between our two countries will be facilitated."

Today Peres is to hold talks with Lubbers and Dutch Foreign Minister Hans van den Broek. Tomorrow, the last day of his Dutch visit, he is to meet the Dutch parliament's foreign affairs committee, as well as representatives of the Dutch Socialist Party and the right-wing Liberals, the junior partner in the governing coalition.

Reports persist that Peres will also have a meeting with Richard Murphy, the U.S. State Department's top expert on the Middle East conflict. A diplomatic source in The Hague confirmed to AP the planned meeting with Murphy, who is in Europe to arrange an international conference on the Middle East.

At yesterday's brief weekly

Cabinet session, Vice-Premier and Foreign Minister Yitzhak Shamir expressed the hope that within a few days Spain and Israel would decide on the appointment of ambassadors, a move which would exert a positive influence on Israel's international standing, especially on its status in Latin America.

During the past year, Israeli diplomats made a point of asking American political figures about to visit Madrid to raise the issue of diplomatic relations there in formal and informal contacts.

The pressure on Spain grew so intense that feedback from some of the same congressmen warned Israel that the lobbying could prove counter-productive and delay the establishment of relations instead of hastening them.

The dilemma was weighed up in Jerusalem and the deliberate decision was taken to keep up the heat nevertheless and take the risk, The Post understands.

Kuwait announced yesterday that it is recalling its ambassador in Madrid to discuss Spain's decision to establish diplomatic ties with Israel.

# The long march to modernization

Henry Kissinger considers China's economic revolution

CHINA HAS always followed a rhythm of its own. Its huge mass and geographic diversity, the blend of individualism, talent and cultural homogeneity of its enormous population, and the longest uninterrupted history of self-government of any nation, combine to ensure that its problems are of a different scale and significance than any other country in the world.

So it is with China's current effort to modernize. No nation has ever undertaken so monumental a task. The industrialization of Europe took place country by country at intervals of a generation; the process extended over the better part of a century. The individual nations of Europe at the time of their industrialization had populations of 25 million or less, and a monopoly on advanced technology. In contrast, China is seeking to move forward 40 times as many people in less than one-fifth of the time and from a much less promising technological base. Moreover, in Europe the industrial revolution emerged as a logical evolution from previous history; for China modernization in many ways contradicts its traditions.

Modernization is a powerful cultural leveller; intellectual and managerial tasks are largely similar wherever mass production takes hold. China, on the other hand, has always sought influence by the solitary majesty of its culture. At the same time, the cultural uniqueness of China goes hand in hand with an extraordinary variety among its regions, which are physically separated by vast distances and daunting geographic obstacles. These ethnic and geographic realities have historically generated an oscillation between a fear of anarchy leading to stifling centralization and a loosening of controls in danger of turning into regional separatism.

THESE traditional obstacles to reform are being compounded in our time by an ideological crisis: the bankruptcy of Soviet-style economics. Experience leaves no doubt that the Soviet model, which is practised to a greater or lesser extent in every Communist country, except possibly Hungary, is a certain route to stagnation. Where labour and materials are allocated by governmental quotas, managers have no knowledge or interest in controlling costs. Nor are managers in the Soviet system familiar in any detail with their markets. Just as some governmental entities provide their resources, others take their output, and distribute it by criteria in which the desires of consumers play a marginal role.

Such a system is compatible with the achievement of crude quantitative goals; it has no mechanism to improve efficiency or to generate quality. All of its incentives operate against innovation that would affect categories; in the cities the dreary conformity of the period of the Cultural Revolution and its immediate aftermath is being overcome by a visible growth of consumer goods.

AND YET the most difficult part of the journey is still ahead especially as the costs appear immediately, while some of the undoubted benefits will be delayed by some years. As prices come to reflect real costs, they are likely to rise, at least in some categories. Some inefficient plants will have to close; local unemployment will develop temporarily. No Chinese born since the Communist takeover has any experience in dealing with these phenomena. The Maoist period produced a low standard of living. But for the untethering it had the consolation of uniformity, and for the top elite, the seductions of untrammelled power.

The new economic emphasis in China implies not only an economic but also a political upheaval. For the new system is a profound threat to prevalent social status. The paradox of Soviet-style communism away from which China is moving is low productivity, poor and few consumer goods, for the many, while an elaborate network of special stores, special schools, special hospitals and vacation resorts takes care of the needs of the ruling elite.

Under the Chinese reforms, that complex and rigid hierarchy is threatened as monetary incentives become dominant. Then performance rather than official status will

determine life-style. The beneficiaries of the previous system will lose much of their distinctive status. It would be against human nature were the old ruling elite not to resist such changes; if not openly, at least by delaying the implementation of directives. In China this process produces a de facto coalition between traditionalists fighting for their view of the Chinese way of life, in the name of resisting the contamination of foreign influences, and Maoists defending their version of the proper Communist economics.

In most countries innovative managers at lower levels must overcome the resistance of the more conservative senior leadership. In China the opposite is occurring. The top leadership's emphasis on incentives and market forces has to be implemented in the provinces by too many executives who are without experience with either and lack enthusiasm for the reforms. The full impact of the reforms will therefore only become apparent when a new group of managers is in place - a process now under way.

THE QUESTION then becomes whether the remarkable achievements of the past six years can be perpetuated in a post-Deng period.

...the ultimate crisis in Sino-Soviet relations will not occur in the immediate future - when in fact an improvement in relations is probable - but at the point where Chinese growth has become irreversible and the Soviet Union must abandon its present hope that the experiment will collapse

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## Dry Bones



in internal Chinese controversies. The issue in China is not the return of private ownership, but decentralization of decision-making.

• America has a major stake in China's success. A strong and independent China is in America's interest; not because it will be easy to deal with - quite the contrary - but because the threats to its security will for the foreseeable future come from countries the U.S. also considers threats to global security. In this sense, the modernization of China serves American interests - not as an American card against the Soviet Union - but because in maintaining its own security for its own purposes, China contributes to the global equilibrium.

• The modernization of China will produce a new model for growth in the developing world, somewhere between unrestrained private enterprise, of which many new nations are afraid, and Soviet-style economics, which cannot work.

• The success of China will produce two challenges for the Soviet Union: Geopolitically, it will have to deal with an increasingly powerful neighbour; ideologically, a Chinese success will establish a more humane alternative to Moscow's version of communism; moreover, one much less dominated by a self-perpetuating oligarchy. All this culminates in the dilemma that an attempt to emulate China would evoke massive political strains, because Moscow's planning apparatus is much more deeply entrenched and much more tied to the preeminence of the Communist Party than China's. But persistence in the status quo would turn the Soviet Union into an anachronism even in the Communist world.

This is why the ultimate crisis in Sino-Soviet relations will not occur in the immediate future - when in fact an improvement in relations is probable - but at the point where Chinese growth has become irreversible and the Soviet Union must abandon its present hope that the Chinese experiment will collapse. At that point the Soviet Union will consider whether to try to interrupt this process by force. Such a decision is by no means inevitable. But the danger cannot be exorcised by ignoring it.

• The U.S. should use whatever discretionary power it has to encourage the transfer of technology to

China and to assist its economic growth.

• A special role falls on American business leadership in the development of China, both because of U.S. technological prowess and because of what I take to be a deliberate Chinese decision to create vested American interests in Chinese security. American business must not delude itself with the mirage of huge markets and quick profits. Business leaders must not define their role as selling their own priorities to an uninformed bureaucracy, or their challenge as overcoming delay by discovering and persuading hidden decision-makers. When the Chinese delay decisions there are intellectual, political or bureaucratic reasons they consider important; it is almost never a lack of comprehension.

WHAT CHINA needs is infrastructure and medium- and long-term development projects. This will require an unprecedented degree of vision and ingenuity in cooperative projects conceived over a period of time relevant to Chinese priorities and development needs. On that basis the business leaders of the industrial democracies have a chance to participate in an enterprise that is not only intellectually exciting, but will contribute to long-term world peace. And if it succeeds - as it should - it is one of the rare cases where everybody benefits.

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